

CITY OF HUNTSVILLE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2007

Introductory Section

City of Huntsville, Texas
Comprehensive Annual Financial Report
For The Year Ended September 30, 2007

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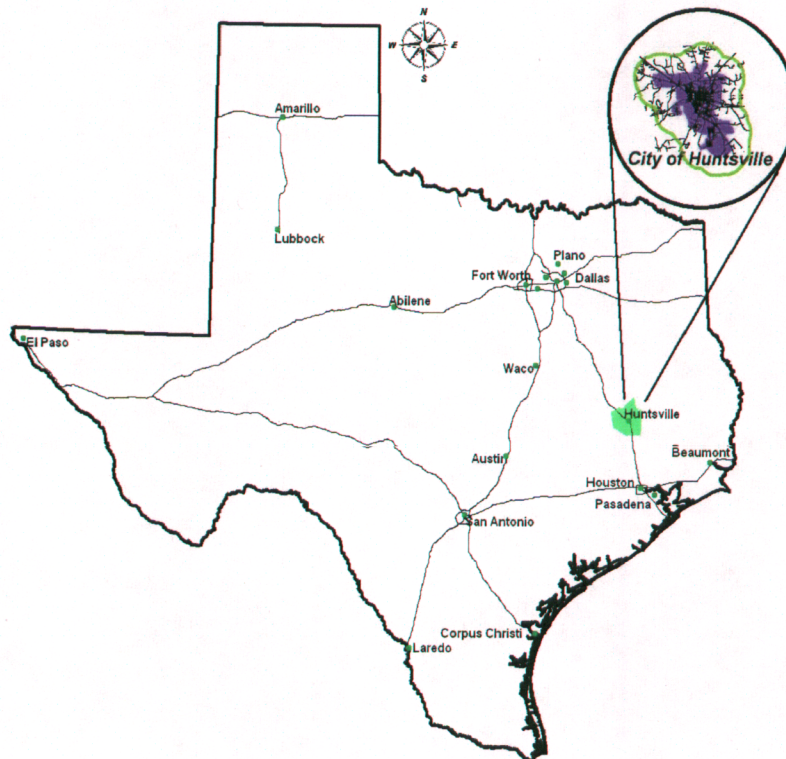
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WELCOME TO THE CITY OF HUNTSVILLE, TEXAS

The City of Huntsville is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated January 30, 1845 and first adopted its Home Rule Charter on September 28, 1968. The City operates under a Council/Manager form of government, where the Mayor and eight Council members are elected for staggered two-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer. The City of Huntsville is the county seat and principal commercial center of Walker County, located on Interstate 45, approximately 70 miles north of Houston, 170 miles southeast of Dallas, and approximately 130 miles west of the Louisiana state line. The city's 2000 census was 35,078, a 25.6% increase from the 1990 census. Population estimates include inmates within the Texas Department of Criminal Justice (TDCJ) system.



Walker County is in an east Texas county with an economy based on the state prison system, lumbering, and agribusiness. Principal sources of agricultural income include cattle, horses, cotton, grain, and timber. Minerals produced in the county include gas, sand, stone, and gravel. The 2000 census for the county was 61,758, an increase of 21.3% from the 1990 census. The Sam Houston National Forest covers 53,461 acres of Walker County.

Huntsville State Park is located within the national forest and on the outskirts of Huntsville. Nearby, Lake Livingston and Lake Conroe also provide recreational facilities for residents and visitors. Other tourism attractions include the Sam Houston Memorial Museum and Park Complex, located near SHSU, and the Visitors Center, located at the Sam Houston statue site. "A Tribute to Courage," the Sam Houston Statue, was designed and constructed by artist David Adickes. He dedicated the statue to the City of Huntsville on October 22, 1994. It is the world's tallest statue of an American Hero, at 67 feet tall, standing upon a 10-foot sunset granite base.

The headquarters for the TDCJ, and five of its prison units (housing approximately 8,200 inmates), are located within the city limits and employ approximately 2,600 personnel. There are two additional units located outside the city limits, within Walker County, that employ approximately 2,900 personnel and house approximately 5,100 inmates.

Founded in 1879 and named in honor of the most important figure in Texas history, Sam Houston State University (SHSU) is the third oldest public university in Texas. With a current enrollment of 16,416 students, the university was the fastest growing university in the state in 2007. Founded as the first teacher training institution in the southwest, the campus comprises 272 acres, including part of the original home site of the Houston family. With five colleges (Arts and Science, Business, Criminal Justice, Education, and Humanities and Social Science), the university offers seventy-nine undergraduate degree programs, forty-eight masters' programs, and five doctoral programs.

According to the United States Census Bureau, the 2003 median income for Walker County was \$30,537 per household, compared to the state median of \$39,967. The Texas Workforce Commission reported 24,466 persons employed in Walker County in 2005. The Walker County unemployment rate in 2005 was 5.2%. Sixty percent (60%) of the population is between the ages of 18 to 44, and seventy-two percent (72%) over the age of 25 has a high school degree or higher level of education.

Other governmental presence in Huntsville includes Region VI Educational Service Center, Gulf Coast Trades Center, Sam Houston State Park, Sam Houston National Forest, and the various units of local government and state field offices. The large governmental presence keeps the unemployment rate low, but also places much greater pressure on the property tax rate and utility rates.



CITY OF Huntsville

Incorporated in 1845 under the Republic of Texas

March 18, 2008

Honorable Mayor and City Council members, Citizens
City of Huntsville
Huntsville, Texas 77340

The Comprehensive Annual Financial Report (CAFR) of the City of Huntsville, Texas, for the fiscal year ended September 30, 2007 is presented herein. Disclosures necessary to enable the reader to gain an understanding of the City of Huntsville's financial activities have been included.

Financial Statement Overview

The CAFR is presented in four sections: introductory, financial, other supplementary information, and statistical. The introductory section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The financial section includes the basic financial statements and the combining financial statements, budgetary comparison schedules, the other supplementary information section, capital asset schedules, and federal and state awards reports and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. This report includes all city funds.

The report is the fifth compliance year under Rule 34 as established by the Governmental Accounting Standards Board (GASB34). Under this rule, an entity-wide statement of net assets is presented with depreciation of assets. Under the rule, statements are presented on a government-wide and Fund statement basis. Both the government-wide and the Fund Financials present information supporting the other, and the Fund Financials provide additional information not reported government-wide.

The government-wide statements report on the city as a whole using the accrual basis of accounting. The statements are comprised of a Statement of Net Assets and a Statement of Activities with supplementing information provided in the Fund statements. The Statement of Net Assets reports changes in assets, presenting all assets and liabilities of the city. The Statement of Activities presents revenues and expenses by function, demonstrating how those assets have changed, and distinguishes activities supported by user fees compared with those supported by taxes and intergovernmental transfers. The statements distinguish between traditional governmental activities and business-type activities.

Fund financial statements are reported using the modified accrual basis of accounting under traditional fund accounting principles. More detailed information is presented about significant (major) and non-major funds. The funds are divided among governmental, enterprise, internal service (business-type or proprietary funds), and agency funds. The Fund financial statements focus on current or near-current inflows and outflows and available balances. Proprietary fund information presented in this manner reinforces information provided in the government-wide statements for business-type activities.

The Management's Discussion and Analysis section preceding the financial statements provides an analysis of the financials and highlights changes from the prior year. Both the government-wide and the government fund financial focus are presented.

FINANCE

1212 Avenue M • Huntsville, TX 77340-4608 • 936.291.5440 • 936.291.5489 fax • www.ci.huntsville.tx.us

Our vision for the City of Huntsville is a community that is beautiful, historic, culturally diverse, affordable, safe, and well planned with great opportunity for our citizens.

City Services

The City provides police and fire protection, solid waste services, maintenance of streets and utility infrastructure, wastewater and water services, parks, a public library, and cultural services. Water is provided to the community by a combination of water produced from City owned and operated water wells and from a surface water treatment plant in partnership with the Trinity River Authority of Texas. The costs associated with operations of the surface water treatment plant are shown as an expense of the Water Fund. Street activities and operations are accounted for in the Street Fund.

Priorities and Objectives

Council programs and initiatives for the fiscal year were directed at financial stability, balanced budgeting, and improvement in unallocated fund balance reserves. Objectives included efficiently providing for public safety, increasing funding for the fire department, maintaining utility infrastructure, serving underdeveloped areas, and maintaining stable tax and utility rates. With improved budgetary and financial processes, the City re-emphasized completing existing capital projects and approved additional spending for underserved water and wastewater areas.

Priorities included 1) the addition of public safety personnel for police and fire pursuant to the strategic objectives of the council; 2) completion of the fire station and the purchase and financing of an additional fire truck; 3) completion of the Wynne Home Arts Center; 4) enacting policy changes and further providing available resources for the health insurance fund; 5) completion of the Aquatic Center capital project and construction of associated park improvements; 6) continued emphasis on capital project completion, reporting, and management; 7) continued refinement of budgeting procedures and implementation of performance measures; and 8) the return of the General Fund to a positive financial position.

An important priority was to balance the budget with revenues equaling budgeted expenditures in the General Fund. Historically, budgets were presented utilizing fund balance. Although fund balance had not been used for budgeted expenditures, the prior year resulted in a deficit. The budget process the preceding year re-engineered how revenues were estimated and budgeted, effected a change in personnel policies, and redefined procedures regarding how requests were made. The FY 2006-07 was the second year with a positive budget balance in the General Fund of revenues over expenditures. Additionally, the fiscal year returned the General Fund to a positive position after closure of the Golf Fund into the General Fund in FY 2005-06.

Hurricane Relief

The City contributed administrative and police support and housing assistance to evacuees for Hurricane Katrina and operations support for Hurricane Rita in the fall of 2006. Housing and travel assistance was an ongoing effort into FY 2005-06. Hurricane Rita proved a larger financial and resource effort, but shorter in duration. City expenditures for Hurricanes Katrina and Rita increased year end expenditures in labor and equipment, primarily for the fiscal year ending September 30, 2005. Efforts for housing Katrina victims and final clean-up for Rita occurred at the beginning of the current fiscal year.

Summary of Financial Activities

Meeting council objectives of a balanced budget and balancing operating revenues versus expenditures, the fund balances of all major operating funds increased. Project expenditures were concluded for the following:

- Addition of two firefighters,
- Completion of the Aquatic Center park financed with the issuance of a tax note of \$1.145 million,
- Completion of the west fire station,
- Operation of the Wynne Home Arts Center,
- Addition of one police officer, lieutenant position,
- Implementation of aerial mapping and GIS,
- Substantial completion of the Westridge neighborhood sewer project and other underserved drainage and sewer projects,
- Park and service center parking lot refurbishing.

The fiscal year represented the second year that the budget was presented balanced between revenues and expenditures in each major operating fund, including the General Fund. Sales tax showed higher than average growth the past two years and the City received substantially higher permit fees due to apartment building in the current year. With increased revenue and a reduction in operating

expenditures, the General Fund posted a net change of \$2 million. The Street Fund budget was balanced, but the fund balance decreased by \$93,125. During the year, the budgeted expenditures were increased by \$150,000 for street maintenance activities from unspent budgeted funds in the prior year. This use of fund balance was allowed since prior year budgets were spent on capital projects instead of operations, which resulted in unspent funds for operations in the Street Fund.

The Water Fund had decreased revenue compared to budget but experienced reduced expenditures as well. As a result, the change in net assets for the Water Fund was an increase of \$993,000. Wastewater had a significant increase in revenue and \$1.7 million increase in net assets. Solid Waste Fund increased net assets by \$284,343.

On a government-wide basis, net assets for Government activities increased from \$23.5 million to \$24.6 million. Net assets for business-type activities increased from \$56 million to \$59 million.

Comprehensive Plan

The City initiated a process for public involvement in the development of a Comprehensive Plan that was completed during the fiscal year. Public and committee meetings were held to discuss City issues and priorities, and to finalize strategic objectives and priorities in developing the plan. The plan and the annual strategic planning meeting were incorporated into the budget process.

Economic Development

Recognizing the need for greater economic development within the City and its extraterritorial jurisdiction, the council sought to expand the tax base through the expansion of existing industries and the recruitment of new businesses. With the county, the City participates in a TIRZ (Tax Incremental Reinvestment Zone) to attract development and businesses. Development processes continued during the year. As of the audit date, no development had occurred. The City also coordinates with the Huntsville–Walker County Chamber of Commerce's Tourism and Economic Development Councils and assists with the efforts of these organizations in the promotion of tourism and the encouragement of business development and retention.

Capital Projects

Construction for the Wynne Home Arts Center and the Aquatic Center was substantially completed during the prior year. Operations began during the current FY 2006-07. Overall, \$1.5 million was expended on general capital improvements in the Capital Projects Fund. Additions during the current year included the City service center parking lot, continuation of the fiber loop project, and concrete work at two parks (Kate Barr Ross and Pineview).

The Aquatic Center project, with a budget of \$2.3 million, had \$106,000 in expenditures during the year. The facility was funded with city contributions of \$500,000; a Texas Parks and Wildlife grant of \$500,000; a 7-year tax note for \$1.1 million in 2005; and public contributions of \$152,000. The tax note issued during the preceding fiscal year had no effect on the tax rate.

Construction began on an additional fire station with certificates issued in 2004 in the amount of \$1.1 million. Expenditures of \$1 million were spent on the fire station in the current year. Debt service is funded in the debt service fund.

Construction-in-progress for enterprise fund projects in the Water and Wastewater Funds are recorded in their respective funds. The Water Fund recorded \$1.1 million in construction and the Wastewater Fund, \$1.5 million in construction.

Debt Issues

The City issued debt in the form of a \$1.1 million tax note for seven years for the construction of the Aquatic Center in 2005. Payments are budgeted in future years from operating revenue and available fund balances. No additional taxes were levied for the retirement of this debt.

The City had refunded debt in 2005 in the amount of \$3,820,000 for a portion of the 2000 street arterial issue. Debt service is funded in the Debt Service Fund from existing tax levies for the 2000 street certificates of obligation.

The fund balance for the Debt Service Fund servicing general obligation debt decreased \$58,028 to \$94,498.

Utility and Tax Rates

City Council has actively sought to maintain the ad valorem property tax rates. In FY 1998–99, the ad valorem tax rate was increased to \$0.4300 per \$100 assessed valuation to fund a Street Arterial Capital Project. In FY 1999–00, the rate was adjusted to \$0.4125 because of an increase in the assessed valuation. The Tax rate adopted in FY 2001–02 was \$0.4325, providing additional funds for the capital streets program. The FY 2002-03 rate was \$0.4500, 0.42500 for FY 2003-04, and \$0.4375 for FY 2004-05. For FY 2005-06 the tax rate adopted was \$0.4319, a reduction of one-half cent. For FY 2006-07, the adopted tax rate was decreased to \$0.4192.

A sales tax increase of ½ cent dedicated for property tax reduction was approved by voters in August 1987. The City sales tax rate is 1.5%.

The City wastewater rates were adjusted in FY 1992–93 as result of USEPA mandated modifications to the two wastewater treatment plants and again in FY 1995–96 and FY 1996–97 to fund the Capital Improvements budget. Beginning October 1, 2000, following a rate study and approval of a capital improvement initiative, water and wastewater rates were adjusted. Solid waste collection charges and disposal rates were adjusted during 2002, following the Solid Waste Rate Study. Utility rates remained the same for FY 2004-05, FY 2005-06, and for the current year FY 2006-07.

Cash Management

City policy is governed by the laws of the State of Texas. Authorized investments are governed by state code. Demand deposits for the City are covered by pledged securities in the City's name at the Federal Reserve Bank pursuant to state law and the City's depository contract. Funds needed for daily operations are kept in demand deposits with the remainder invested in approved government pools or short-term agencies. Investment rates increased during the last quarter of the fiscal year; consequently, investment revenue showed a gain compared with budget for the year.

Budget Process

The Budget process begins with an annual update by council of the strategic objectives and is coordinated with the vision and objectives formulated by the comprehensive plan. In accordance with these objectives a capital improvement plan is updated for presentation to council. Departments present budget requests detailed by line items. Supplemental requests are submitted based on the City's comprehensive strategic plans. The City has initiated performance measures as effectiveness tools which are reviewed and updated during the process. The budget is reviewed throughout the year during monthly financial reporting.

Internal Controls

The City relies on certain internal financial controls as identified in the financial, purchasing, personnel, and fixed asset policies. Adopted by ordinance, they provide the basis for reliance on the financial statements. Such assurances do not, themselves, guarantee the prevention of fraud. By monitoring internal controls, the basis of reliance on the financial statement as a fair presentation in all material respects is provided. The financial position of governmental and business-type activities of each fund, and the reliance on the compliance with laws, regulations, contracts, grants, ordinances, and policies is provided.

Independent Audit

The City Charter requires an annual audit by independent certified public accountants. The accounting firm of Kenneth C. Davis and Company, P.C. was recommended by the City Council Finance Committee and selected by the Council. In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of Government Auditing Standards. The auditor's report on the general purpose financial statements is in the financial section of this report. The auditor's report on compliance and on internal control over financial reporting and additional reports are provided in the other supplementary information section.

Awards

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Huntsville for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2006. This was the 30th year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the governmental body must publish a CAFR with required criteria for management discussion and analysis in conformity with generally accepted accounting standards under GASB (the Governmental Accounting Standards Board) and in conformity with GFOA requirements.

This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. In addition, the City of Huntsville also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for the past 20 years. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document must be judged to be proficient in several categories including policy documentation, financial planning, and organization. The budget for the fiscal year beginning October 1, 2007 (FY 2007-08), has been submitted for review.

Acknowledgements

We would like to express our appreciation to the City Council for their concern in providing fiscal accountability to the citizens of our City. The preparation of this report could not be accomplished without the efficient and dedicated services of the Council, employees, and entire staff.

Respectfully submitted,

Winston Duke
Director of Finance

Gene Pipes
Interim City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Huntsville
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

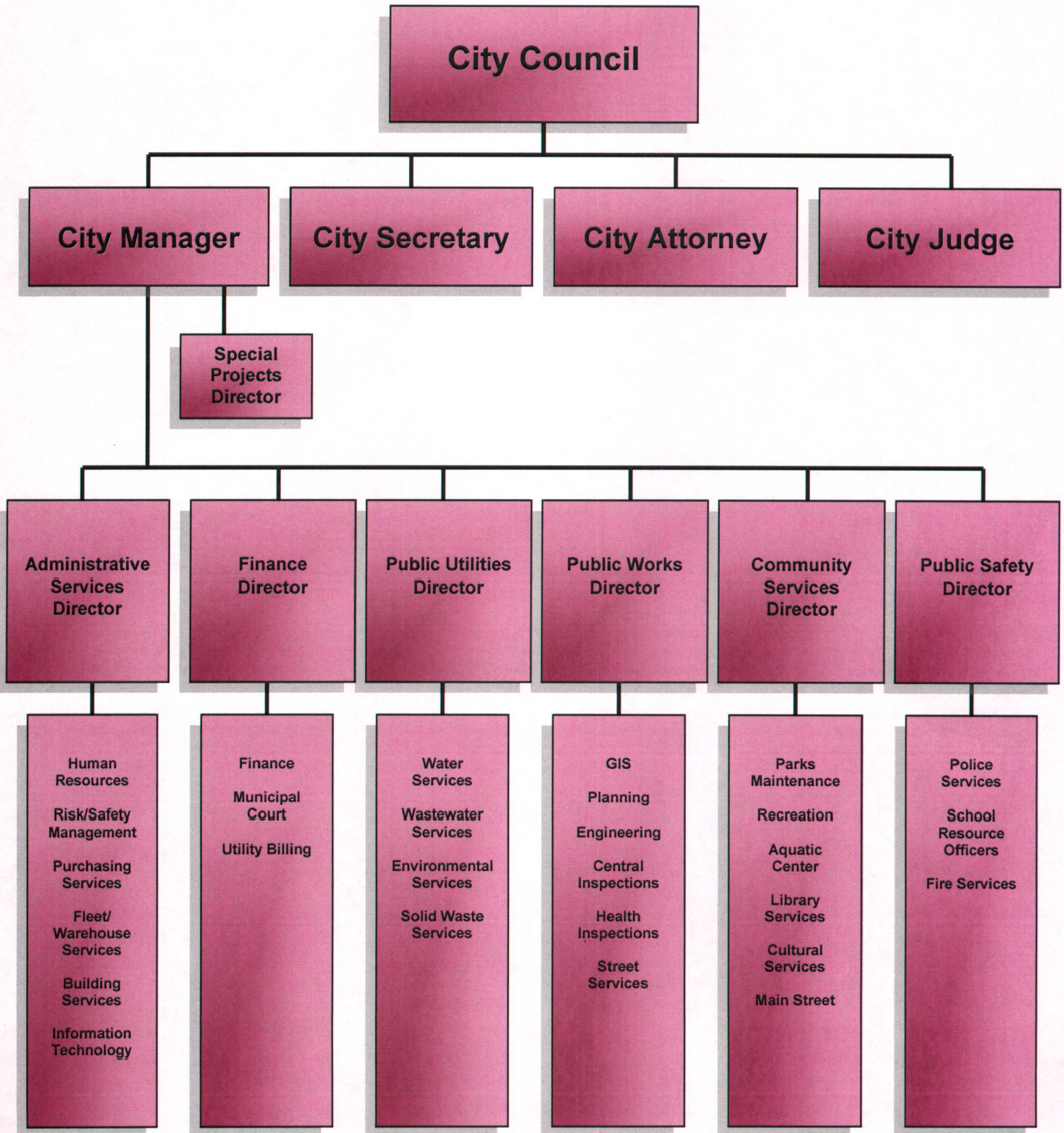


Chloe S. Cox

President

Jeffrey R. Emer

Executive Director



CITY OF HUNTSVILLE, TEXAS

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2007

Elected Officials

Name	Office
J. Turner	Mayor
Jim Willett	Councilmember - Ward 1
Mac Woodward	Councilmember - Ward 2
Clarence Griffin	Councilmember - Ward 3
Wayne Barrett	Councilmember - Ward 4
Dalene Zender	Councilmember - Position 1
Melissa Mahaffey	Councilmember - Position 2
Mickey Evans	Councilmember - Position 3
Jack Choate	Councilmember - Position 4

Appointed Officials & Directors

Name	Position
Kevin Evans	City Manager
Danna Welter	City Secretary
Thomas Leeper	City Attorney
John Gaines	Municipal Court Judge
Victor Pena	Director of Administrative Services
Winston Duke	Director of Finance
Glenn Isbell	Director of Special Projects
Stephanie Brim	Director of Community Services
Jean Sanders	Director of Public Safety
Steve Stacy	Director of Public Works
Bill Daugette	Director of Public Utilities

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Financial Section

Kenneth C. Davis & Company

A Professional Corporation

Certified Public Accountants

1300 11TH STREET, SUITE 400

P.O. BOX 6308

HUNTSVILLE, TEXAS 77342

PHONE (936) 291-3020

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Independent Auditor's Report on Financial Statements

City Council
City of Huntsville, Texas
1212 Avenue M
Huntsville, Texas 77340-4608

Members of the City Council:

We have audited the accompanying basic and combining financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Huntsville, Texas as of and for the year ended September 30, 2007, which collectively comprise the City's basic and combining financial statements as listed in the table of contents. These financial statements are the responsibility of City of Huntsville, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Huntsville, Texas as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of City of Huntsville, Texas and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2008, on our consideration of City of Huntsville, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management

regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the City of Huntsville, Texas' basic and combining financial statements. The accompanying schedule of expenditures of federal awards required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. This information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic and combining financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic and combining financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic and combining financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kenneth C. Davis", is written over the printed name of the firm.

Kenneth C. Davis & Company, P.C.

January 29, 2008

MANAGEMENT DISCUSSION AND ANALYSIS

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

A large portion of the land located within the city limits is State owned and, therefore, tax exempt. Huntsville is the home of Sam Houston State University and the Texas Department of Criminal Justice. The governmental payroll generated by these two principal employers comprise the backbone of the local economy, providing stability and a viable alternative to limited property tax revenues through the sales tax option. Huntsville is the center of commerce for Walker County and our region.

GENERAL GOVERNMENTAL FUNCTIONS

Revenues and other financing sources for 2007 general governmental functions - General Fund, Streets, and Other Governmental Funds (Capital Project, Debt Service, and non-major Special Revenue Funds) - totaled \$21,250,248 for the fiscal year ended September 30, 2007. Comparative revenues for the prior year were \$20,252,443.

The following table details the revenue categories of total general governmental revenues. The increases/decreases in amounts from prior years are shown, along with the percentage of change.

REVENUES	AMOUNT FY2006-07	AMOUNT FY 2005-06	AMOUNT FY 2004-05	AMOUNT FY 2003-04	INCREASE (DECREASE) FROM FY 05-06	PERCENT OF INCREASE FROM FY 05-06
Taxes and Franchises	\$ 12,776,640	\$ 12,110,807	\$ 11,349,448	\$ 10,627,961	\$ 665,833	5.5%
Permits and Licenses	444,643	284,860	242,684	226,406	159,783	56.1%
Fines and Fees	889,400	827,609	779,967	834,062	61,791	7.5%
Charges for Service	636,241	568,879	676,585	650,709	67,362	11.8%
Administrative Reimbursement	4,653,361	4,215,525	3,696,776	2,993,567	437,836	10.4%
Interest Earnings	571,586	481,777	251,741	97,467	89,809	18.6%
Grants/Contributions	832,626	843,689	1,124,133	557,824	(11,063)	(1.3%)
Other	445,751	919,297	252,426	132,412	(473,546)	(51.5%)
TOTAL	<u>\$ 21,250,248</u>	<u>\$ 20,252,443</u>	<u>\$ 18,373,760</u>	<u>\$ 16,120,408</u>	<u>\$ 997,805</u>	<u>4.9%</u>

The percentage of revenues collected from sales tax has historically been larger than revenues collected from property taxes because of the limited ad-valorem tax base in Huntsville. Taxes and franchise fees increased due to increased sales tax, increased apartment building, growth of the local university, and a healthy, stable economy (5% versus 6.5% prior year). Permits and licenses increased 56%. Franchise income increased \$96,495 and fine and fee income increased 7%.

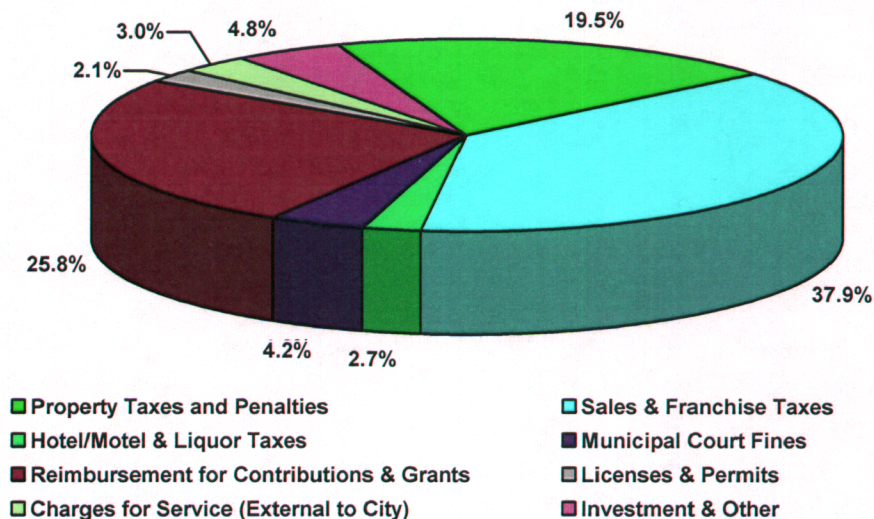
The tax rate was reduced to the effective rate of \$.4192 for FY 2006-2007. The tax had been raised in FY 2005-2006 to \$.4319. In FY 2004-2005 the ad valorem tax rate increased to \$.4375 from the prior year's rate of \$.4250 per \$100 assessed valuation. Comparative data on taxable assessed valuations and property tax collection is presented in the following schedule.

	2006-07	2005-06	2004-05	2003-04	2002-03
Assessed Valuation	\$ 987,649,140	\$ 916,559,997	\$ 879,693,723	\$ 819,930,777	\$ 755,980,499
Property Tax Collections	\$ 5,134,519	\$ 3,981,537	\$ 3,847,994	\$ 3,545,267	\$ 3,389,150
Outstanding Delinquent Taxes	\$ 424,435	\$ 336,207	\$ 269,809	\$ 228,448	\$ 171,913

The Governmental Fund revenues are comprised of the following categories and percentages:

	2006-07	2005-06	2004-05	2003-04
Property Taxes and Penalties	19.5%	19.7%	22.3%	22.0%
Sales & Franchise Taxes	37.9%	37.4%	40.9%	41.2%
Hotel/Motel & Liquor Taxes	2.7%	2.8%	2.7%	2.8%
Municipal Court Fines	4.2%	4.0%	4.5%	5.2%
Reimbursement -Contributions/Grants	25.8%	25.9%	21.4%	22.0%
Licenses & Permits	2.1%	1.4%	1.4%	1.4%
Charges for Service (External to City)	3.0%	2.8%	3.9%	4.0%
Investment & Other	4.8%	6.9%	2.9%	1.4%
	100.0%	100.0%	100.0%	100.0%

Increased sales taxes revenue contributed to the increase in the combined sales and franchise tax category. Excluding internal administrative reimbursements, contributions and grants decreased. Prior year payments were related to capital projects.



The Water and Wastewater Fund and Solid Waste Fund reimburse the General Fund a portion of their administrative costs. Administrative functions, including the Charter Offices, Finance, Information Technology, Human Resources and other Administrative Services divisions, and Public Works divisions, etc., are budgeted in the General Fund. The amount of the administrative cost reimbursement is based to the largest degree possible on quantitative measurements. Human Resources costs are reimbursed based on the numbers of employees in each fund. Administrative, Charter Offices, and Finance costs are based on the various budgets as a percentage of the total budget. The Street Fund receives right-of-way fees from utilities paying franchise fees and from the Waste, Wastewater, and Solid Waste Funds. The Wastewater and Solid Waste Funds reimburse the Water Fund for utility billing and meter reading costs. After review of allocations, the administrative cost reimbursements increased compared to the prior year as expenditures supporting allocations also increased. The Water Fund reimburses the Wastewater Fund for environmental services costs. Administrative cost reimbursements totaled \$4,653,361 for the year.

GOVERNMENTAL FUND EXPENDITURES BY ACTIVITY

Major and Non-major Funds

The City's major governmental funds are the General Fund and the Street Special Revenue Fund. Total expenditures for the General Fund were \$13,300,661 and total expenditures for the Street Special Revenue Fund were \$2,524,019. Ending fund balance for the General Fund and the Street Fund were \$4,260,704 and \$1,380,563, respectively. Expenditures were reduced in all operating areas by 6%.

Non-major funds included Special Revenue, Debt Service, Capital Projects, and Permanent Funds. Special Revenue Fund expenditures totaled \$1,063,907, Capital Projects Funds totaled \$1,484,210, and Permanent Funds had no expenditures for the year. The Debt Service Fund had expenditures of \$1,621,571. The combined fund balance of the non-major funds was \$2,638,563 at year-end with total expenditures of \$4,169,688.

Overall, expenditures in Governmental Funds were the same as the prior year. Community Services expenditures decreased from the prior year due to completion of the Aquatic Center. Public safety expenditures increased in FY 2006-07 with the building of the fire station. Administrative services includes non-departmental expenditures.

The following schedule presents a summary of the increases and decreases in relation to the prior year amounts.

EXPENDITURES AND OTHER USES	AMOUNT FY 2006-07	AMOUNT FY 2005-06	AMOUNT FY 2004-05	AMOUNT FY 2003-04	INCREASE (DECREASE) FROM FY 05-06	PERCENT OF INCREASE (DECREASE)
Charter Offices	\$ 909,677	\$ 777,808	\$ 808,611	\$ 728,146	\$ 131,869	17.0%
Finance	1,080,643	1,178,178	1,073,657	917,304	(97,535)	(8.2%)
Public Works	4,519,255	4,519,442	5,226,337	4,480,293	(187)	-
Community Services	2,921,226	4,185,919	2,683,636	2,331,556	(1,264,693)	(30.2%)
Public Safety	6,259,719	4,943,415	5,147,725	4,242,112	1,316,304	26.6%
Administrative Services	2,529,657	2,633,073	2,290,513	2,292,030	(103,705)	(3.9%)
Debt Service:						
Principal Retirement	944,848	1,079,681	4,296,631	605,000	(134,833)	(12.5%)
Interest	829,343	886,283	861,679	787,652	(56,940)	(6.4%)
TOTAL EXPENDITURES AND OTHER USES	<u>\$19,994,368</u>	<u>\$ 20,203,799</u>	<u>\$ 22,388,789</u>	<u>\$ 16,384,093</u>	<u>\$ (209,720)</u>	<u>1.0%</u>

Resource Availability and Future Outlook

Revenues in the General Fund are stable and trending upward slightly, with sales taxes showing a healthy increase. Assessed valuation continued to increase slightly over the prior year. However, adoption of the effective tax rate maintains revenue at the current level for existing property. Inflation is not factored into rate considerations. Funds are available for basic services and the City continues to maintain adequate reserves. Unrestricted net assets available for governmental activities were \$8,135,435 and \$28,727,999 for business-type activities for the year ending September 30, 2007. General Fund unreserved fund balance totaled \$6,169,366.

Revenue from sales tax exceeded budget by 11% and license/permit revenue doubled with the increase in apartment construction. Overall revenue was increased 7% compared to budget. Fund balances increased with increased revenues, especially from sales taxes, while expenditures remained about the same as that of the prior year, with differences attributable to capital project expenditures.

There were reduced operating expenditures in public works activities, in water and wastewater operations, and in equipment expenditures. Changes in policy and improved budget management reduced overtime expenditures.

The City expects to be able to meet citizens' needs as in the past. Huntsville is fortunate in two major respects: (1) the economic base is stable; and (2) the City's financial planning has been well defined and monitored by the elected officials. The fund balances of the General and Governmental Funds remains healthy and in conformance with the City's Fiscal and Budgetary Policies.

Debt Service – General Obligation

Total outstanding debt as of September 30, 2007, is \$18,271,916, approximately 20% of the legal debt limit.

In 2001, certificates of obligation were issued for a golf course. The City retains the responsibility for the debt but collects revenue in a golf course lease agreement with Sam Houston State University that offsets the debt service. In 2004, certificates of obligation were issued for a fire station. Refunding obligations were issued in 2004 for \$2.2 million and 2005 for \$3.8 million to achieve interest savings.

Tax notes of \$1.1 million were issued in 2005 for the construction of an aquatics center complex; no additional tax levy was required for debt service related to the notes. Tax note obligations at September 30, 2007 totaled \$720,000.

Past Council practice has been to issue short term certificates of obligation for equipment purchases, with funding for a period equal to or less than anticipated life. With the use of the accumulated equipment replacement funds, the need for short-term debt has been reduced. Lease purchase covered by operating revenues is the preferred method in the event a cash purchase is not feasible. This is used primarily for more expensive equipment with a long-term useful life.

	OUTSTANDING SEPTEMBER 30, 2007	OUTSTANDING SEPTEMBER 30, 2006	OUTSTANDING SEPTEMBER 30, 2005
<hr/>			
<u>Bonds:</u>			
1991 Street Improvements	\$ -	\$ -	\$ -
2004 Portion of Refunding	391,916	806,764	1,191,445
2005 Refunding	3,780,000	3,805,000	3,820,000
TOTAL BONDS	\$ 4,171,916	\$ 4,611,764	\$ 5,011,445
<u>Certificates of Obligation:</u>			
1998 Street Arterial	6,760,000	6,865,000	6,975,000
2000 Street Arterials	860,000	1,005,000	1,150,000
2001 Golf Course	4,680,000	4,765,000	4,845,000
2004 Fire Station	1,080,000	1,125,000	1,170,000
2005 Tax Notes	720,000	845,000	-
TOTAL CERTIFICATES OF OBLIGATION	14,100,000	14,605,000	14,140,000
TOTAL	\$ 18,271,916	\$ 19,216,764	\$ 19,151,445
<hr/>			

Capital lease debt is \$772,489. Liability for compensated absences is \$1,163,778.

A comparison of the property tax rate and the allocation between operations and debt service is as follows (per \$100 assessed valuation):

<u>FISCAL YEAR</u>	<u>OPERATIONS RATE</u>	<u>DEBT RATE</u>	<u>TOTAL RATE</u>
1992-93	0.21483	0.16957	0.3844
1993-94	0.18811	0.19629	0.3844
1994-95	0.21682	0.16758	0.3844
1995-96	0.27923	0.10517	0.3844
1996-97	0.26900	0.11540	0.3844
1997-98	0.28312	0.10128	0.3844
1998-99	0.32718	0.10282	0.4300
1999-00	0.27609	0.13641	0.4125
2000-01	0.30763	0.12487	0.4325
2001-02	0.27785	0.15465	0.4325
2002-03	0.28397	0.16603	0.4500
2003-04	0.23223	0.19277	0.4250
2004-05	0.24473	0.19277	0.4375
2005-06	0.23913	0.19277	0.4319
2006-07	0.23810	0.1811	0.4192

FY 2006-2007 Debt

The City's legal debt limit is 10% of assessed value. Based on current assessed value, the legal debt limit is \$99,261,077. Council expects to be able to meet current outstanding debt payments with the .18110¢ per \$100 assessed tax rate for debt. No new debt payable from property tax revenues was issued in FY 2006-07.

Prior Years' Debt

The City issued debt in FY 2003-04 in the amount of \$1,200,000 for fire station construction. In FY 2003-04, debt in the amount of \$2,135,000 was refinanced with a refunding issue in the amount of \$2,220,000 for interest savings. The debt refinanced related to the following funds for these amounts: General - \$1,150,000, Water - \$115,000, Waste Water - \$480,000, and Solid Waste - \$390,000. In FY 2005-06 a refunding issue in the amount of \$3,820,000 was financed for street arterials to achieve interest savings.

FINANCIAL HIGHLIGHTS

Governmental Fund Financial Basis

General Fund

- At the end of the current fiscal year, undesignated fund balance for the General Fund was \$6.273 million, an increase of \$2,012,654 from the prior year.
- General Fund revenue increased by \$750,114, an increase of 5.3% from FY 2006. This increase was due primarily to increased sales tax collection.
- General Fund expenditures increased by \$519,327, an increase of 4.0% from FY 2006. Overall, FY 2007 expenditures were \$814,065, or 5.8% less than the amended budget.

Other Governmental Funds

- Total Governmental Funds had a net change of \$1,393,404 in additional fund balance with a \$2 million increase in the General Fund.
- Hotel/Motel – Tourism had revenue of \$481,677 versus expenditures and transfers of \$373,803 and an ending balance of \$448,966. The net change in fund balance was \$107,874.
- Arts Center Special Revenue Fund had revenue of \$95,699 and expenditures of \$91,254. With transfers-in of \$81,719, the ending fund balance increased to \$126,556. The fund accounts for operations of the Wynne Home and other arts programs. Transfers from the General Fund provide a source of funds to balance revenue and expenditures.
- Police grants had expenditures of \$18,530 (\$17,393 for FY 2005-06) and the police school resource officer fund had expenditures of \$422,883 (\$360,585 for FY 2005-06).
- Total Special Revenue non-major fund expenditures were \$1,063,907, a decrease of \$218,972 from the prior year. Community Services had approximately one-half of Special Revenue expenditures.
- Capital Project expenditures were \$1,484,210 with \$1,005,947 toward construction of a fire station. This construction was substantially complete by the end of the year.
- Non-major capital project expenditures were \$2,547,404. Sources of revenue for these funds include grants, city revenue, donations, and developer contributions. The City received \$495,915 of a \$500,000 parks grant during the year.

Proprietary Funds – Enterprise and Internal Service Funds

The net assets of the City's enterprise funds increased by \$3.068 million in FY 2007, with increased operating revenue in the Water, Wastewater, and Solid Waste Funds compared with a reduction in expenditures for operations. Internal Service Funds (Medical, Equipment, and Computer Replacement Funds) recorded a net asset increase of \$163,040.

GOVERNMENT-WIDE FINANCIAL BASIS

The government-wide financial statements report financials for the city, as a whole, similar to a private enterprise, on the accrual basis of accounting. The Statement of Net Assets and Statement of Activities are government-wide statements. The Statement of Net Assets reports total assets and liabilities and changes in those assets. The Statement of Activities reports revenues and expenses by showing how assets have changed according to the various functions of the city. The assets and activities are divided between governmental activities and business-type activities, commonly known as Enterprise funds when reporting on the Governmental fund and modified accrual basis of accounting. Proprietary fund information reinforces the business-type information presented in the government-wide statements. Conversely, information as summarized above for the governmental funds supplements information not provided in the government-wide statements.

In the Statement of Activities, revenues are presented by programs—service charges, grants, contributions—and expenses by function. Functions distinguish between expenses that are supported by user fees and other revenue and those supported by takes and intergovernmental sources. A synopsis of government-wide activities is presented in the summary and tables below.

- On a government-wide basis for governmental activities, the City had expenses net of program revenue of \$9.9 million. General revenues and transfers totaled \$15 million, resulting in an increase in net assets of \$5 million.
- As of September 30, 2007, the City's governmental activities reported combined ending net asset balances of \$24.6 million, an increase of \$1.1 million in net assets compared to prior year. Additions to infrastructure of \$12,048,563 were offset by accumulated depreciation as a prior period adjustment (net effect of (\$814,366). Of this amount, \$1.3 million is restricted for federal programs, debt service, and capital projects; a decreased from the prior year amount of \$1,950,182.
- The City's total net assets on a governmental-wide basis totaled \$83.7 million, of which \$24.6 million was from governmental activities and \$59.1 million was from business type activities at September 30, 2007.
- Government-wide revenue totaled \$40.3 million, of which \$25.2 million was program revenue (an increase of \$600,000 overall from the prior year). Expenditures were \$15 million for governmental and \$20 million for business-type activities for a total of \$35 million.

Summary Statement of Activities

	Government Activities		Business-Type Activities		Total Primary Government Comparative	
	FY2006-07	FY2005-06	FY2006-07	FY2005-06	FY2006-07	FY2005-06
Program Revenues:						
Charges for Services	1,636,695	1,445,755	22,168,972	21,835,220	23,805,667	23,280,975
Grants and Contributions	1,093,778	1,104,914	357,206	518,343	1,450,984	1,623,257
Total Program Revenues	2,730,473	2,550,669	22,526,178	22,353,563	25,256,651	24,904,232
General Revenues						
Property Taxes	4,222,399	4,047,933	-	-	4,222,399	4,047,933
Sales Taxes	5,902,325	5,511,003	-	-	5,902,325	5,511,003
Franchise Taxes	2,157,839	2,061,344	-	-	2,157,839	2,061,344
Other Taxes	581,957	556,923	-	-	581,957	556,923
Investment Earnings	571,588	481,777	1,074,767	1,294,075	1,646,355	1,775,852
Other	445,494	859,882	-	-	445,494	859,881
Total General Revenues	13,881,602	13,518,862	1,074,767	1,294,075	14,956,369	14,812,936
Total Revenues	16,612,075	16,069,531	23,600,945	23,647,638	40,213,020	39,717,168
Primary Government Expenses:						
Charter Offices	355,117	264,724	-	-	355,117	264,724
Administrative Services	927,606	911,868	-	-	927,606	911,868
Finance	514,249	512,507	-	-	514,249	512,507
Public Works	4,390,108	4,317,217	-	-	4,390,108	4,317,217
Community Services	2,840,771	2,097,339	-	-	2,840,771	2,097,339
Public Safety	5,261,792	4,652,795	-	-	5,261,792	4,652,795
Interest on Long-Term Debt	823,536	883,950	-	-	823,536	883,950
Water Production and Distribution			9,418,778	8,600,477	9,418,778	8,600,477
Wastewater Distribution			6,865,550	6,743,995	6,865,550	6,743,995
Solid Waste			3,653,569	3,498,996	3,653,569	3,498,996
Oakwood Cemetery Operating			104,349	96,890	104,349	96,891
Total Primary Government Expenses	15,113,179	13,640,400	20,042,246	18,940,358	35,155,425	32,580,758
Excess (deficiency) Before Transfers	1,498,896	2,429,131	3,558,699	4,707,279	5,057,593	7,136,410
Transfers	490,458	481,703	(490,458)	(481,703)	0	0
Changes in Net Assets	1,989,352	2,910,834	3,068,241	4,225,576	5,057,593	6,509,158
Net Assets - Beginning	23,461,367	19,230,339	56,033,367	51,807,792	79,494,734	71,038,131
Prior Period Capital Asset Adjustment	(814,366)	1,320,196	-	-	(814,366)	1,320,196
Net Assets - Ending	24,636,353	23,461,369	59,101,608	56,033,368	83,737,961	79,494,737

Summary Statement of Net Assets
(in thousands rounded)

	Government Activities		Business-Type Activities		Total Primary Government	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Current and other assets	\$ 13,372	\$ 11,983	\$ 24,431	\$ 41,851	\$ 37,639	\$ 53,835
Capital assets	<u>33,005</u>	<u>34,498</u>	<u>64,368</u>	<u>45,782</u>	<u>97,538</u>	<u>80,280</u>
Total assets	<u>\$ 46,377</u>	<u>\$ 46,481</u>	<u>\$ 88,799</u>	<u>\$ 87,633</u>	<u>\$ 135,177</u>	<u>\$ 134,115</u>
Long-term liabilities	\$ 20,285	\$ 21,272	\$ 28,080	\$ 30,236	\$ 48,365	\$ 51,508
Other liabilities	<u>1,456</u>	<u>1,748</u>	<u>1,618</u>	<u>1,364</u>	<u>3,074</u>	<u>3,112</u>
Total liabilities	<u>\$ 21,741</u>	<u>\$ 23,020</u>	<u>\$ 29,698</u>	<u>\$ 31,600</u>	<u>\$ 51,439</u>	<u>\$ 54,620</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 15,134	\$ 14,370	\$ 30,373	\$ 30,650	\$ 45,508	\$ 45,021
Restricted	1,367	1,950	-	-	1,367	1,950
Unrestricted	<u>8,135</u>	<u>7,141</u>	<u>28,728</u>	<u>25,383</u>	<u>36,863</u>	<u>32,524</u>
Total net assets	<u>\$ 24,636</u>	<u>\$ 23,461</u>	<u>\$ 59,102</u>	<u>\$ 56,033</u>	<u>\$ 83,738</u>	<u>\$ 79,495</u>

Government-Wide Net Assets

- Net assets of the governmental funds are \$24.6 million; most are capital assets, net of debt, totaling \$14.4 million.
- The City's unrestricted net assets for governmental activities, which can be used to finance day to day operations, totaled \$8,135,435.
- Restricted assets are fund balances that are earmarked for particular purposes, such as debt service or capital projects. The balance of the funds was \$1,366,965, a decrease of \$583,217 from the prior year.
- Net assets of business-type funds totaled \$59.1 million, representing an investment in capital improvements and assets of \$30.4 million. The increase in total net assets was \$3.1 million.
- The prior year period capital adjustment of \$12,048,563 represented asset value related to the inclusion of infrastructure (streets and bridges) to governmental assets in accordance with Government Accounting Standards board pronouncement number 34. With a prior period adjustment for accumulated depreciation, the overall prior period adjustment was (\$814,366).

The government's overall financial health has improved with increases in net assets of both governmental and business-type activities.

Government-wide revenues

Total government-wide revenue on the statement of net assets is summarized below:

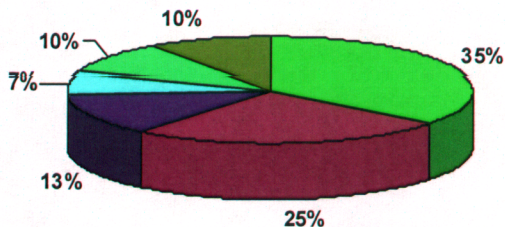
Service Charges	\$ 23,805,667
Grants and Contributions	<u>1,450,984</u>
Program Revenues	25,256,651
General Revenue	<u>14,956,367</u>
Total Revenue	40,213,018

- General property taxes totaled \$4.2 million. Included in these taxes are real and personal property levies which are assessed October 1 and payable on or before the following January 31.
- Sales tax totaled \$5.9 million for fiscal year 2007, representing 38% of the general fund revenue total.
- Franchise taxes totaled \$2.2 million for fiscal year 2007 which funded street improvements.
- Other taxes, which include hotel/motel taxes and automobile inventory taxes, totaled \$582,957.

Program revenues are derived from the program itself and reduce the cost of the function to the City. Total program revenues for both governmental and business-type activities are described below.

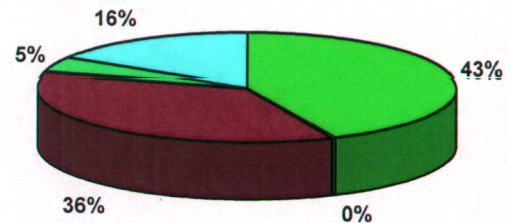
- **Governmental activities program revenue** was \$2.73 million. About 60% of these revenues are reported in the category "Charges for Services", which primarily represent receipts from development and building inspection fees, parks fees, fire services, and court fines. This compares to one-half of the revenues for the prior two years and three-fourths for the year previous. Other governmental program revenues include operating grants for parks, fire, and police programs, and public works.
- **Business-type activities program revenues** totaled \$22.5 million (excludes Internal Service Funds). The most significant of these revenues is reported in the category "Charges for Services", which represent receipts from utility customers for water, sewer, and sanitation use.

**Revenues - Governmental Activities
Fiscal Year 2007**



■ Sales Tax - 35%	■ Property Tax - 25%
■ Franchise Tax - 13%	■ Grants/Contributions - 7%
■ Charges for Services - 10%	■ Other - 10%

**Revenues - Business-Type Activities
Fiscal Year 2007**

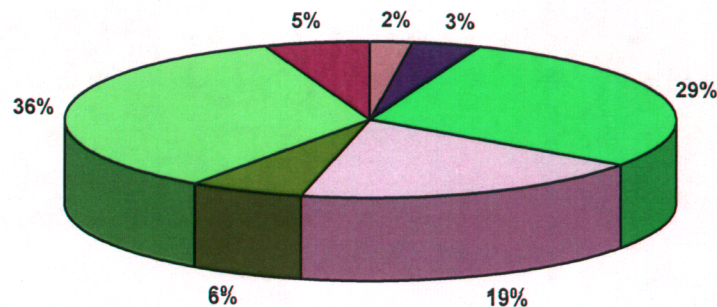


■ Water - 43%	■ Cemetary - 0%
■ Wastewater - 36%	■ Other - 5%
■ Solid Waste - 16%	

EXPENSES

- **Expenses for governmental activities** totaled \$15.1 million, primarily from salaries to provide services in the public safety and public works areas, as well as for public library, recreation programs, and administration. This represents an increase of about \$1.47 million from the prior year.
- **Expenses for business-type activities** which provided water (47%), sewer and stormwater drainage (34%), and solid waste service (10%) totaled \$20 million which represents an increase of \$1.1 million from the prior year.

**Primary Government Functional Expenses for Governmental Activities
Fiscal Year 2007**



■ Charter Offices - 2%	■ Finance - 3%	■ Public Works - 29%
■ Community Services - 19%	■ Administrative Services - 6%	■ Public Safety - 36%
■ Interest on Long-Term Debt - 5%		

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended September 30, 2007, the City's governmental funds reflect a combined fund balance of \$10.2 million. (Refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.) The governmental funds net increase in fund balance is \$1.4 million, compared to an increase of \$1 million the prior year. General Fund revenues exceeded expenditures by \$2 million. Operating transfers out decreased fund balance by a net \$80,393. The Street governmental fund decreased \$93,125, with a net deficiency of revenues to expenditures of (\$236,926) and net transfers in of \$143,801.

Fund balance of non-major Special Revenue funds increased \$65,524, while Capital Project Fund expenditures decreased its fund balance by \$547,495. The Hotel/Motel Fund increased fund balance by \$107,874. The Arts Center's ending fund balance was \$126,556, composed of revenues over expenditures of \$4,445 and transfers of \$77,274. Hotel/motel tax contributed revenue of \$73,011.

Fund balances retained at year end were 47% of actual expenditures for the General Fund, 5.9% for the Debt Fund, and 51% for the Street Fund. The percentage for the General Fund excludes amounts not budgeted due to policy related to inventory, compensating balance, and cash flow needs. The debt fund percentage represents a decrease of 9%.

CAPITAL ASSETS

The City's governmental activities (including a percentage of internal service activities) has invested \$33 million in a variety of capital assets and infrastructure. The City has \$46.5 million invested in its business-type activities. Refer to Section "E" (page 50) in the foot notes for further detail.

The current FY 2006-07 marks a year of full inclusion of all infrastructure under Government Accounting Standard Board (GASB) promulgation 34 requiring the accounting and depreciation of infrastructure. Infrastructure includes streets, bridges, street lights, and sidewalks. The City recorded infrastructure of \$33,323,822 as a governmental activity for prior years and added \$133,954 in infrastructure for this year. Accumulated depreciation was \$20,884,611 for infrastructure in the governmental funds.

The City records infrastructure for Enterprise activities in the Water, Wastewater, Solid Waste, and Cemetery funds. Infrastructure has been recorded in these funds for prior years and includes water, drainage, and sewer lines and related assets, and other plant and equipment related to water and wastewater services. The City water plant and distribution facilities have previously been recorded in the Water Fund.

Vehicles and heavy machinery are recorded in the Internal Service funds and included as governmental fund activity.

Details are reflected in the following schedule, including Internal Service fund assets, which are allocated to governmental activities.

**Governmental Activities
Change in Capital Assets
(in thousands)**

	Balance 10/01/06	Additions	Retirements & Transfers	Balance 9/30/07
<i>Non-depreciable Assets:</i>				
Land	\$ 1,767	\$ 41	\$ -	\$ 1,808
Construction in Progress	1,111	1,282	(2,371)	22
Total Non-depreciable Assets	<u>2,878</u>	<u>1,323</u>	<u>(2,371)</u>	<u>1,830</u>
<i>Other Capital Assets:</i>				
Buildings	6,326	1,698	-	8,024
Equipment	14,596	1,114	(700)	15,010
Improvements	11,421	365	-	11,786
Infrastructure (A)	33,323	134	-	33,458
Total Assets Being Depreciated	<u>65,667</u>	<u>3,311</u>	<u>(700)</u>	<u>8,278</u>
<i>Less accumulated depreciation</i>	<u>(35,027)</u>	<u>(2,778)</u>	<u>(700)</u>	<u>(37,104)</u>
Total Net Assets – Governmental Being Depreciated	<u>30,641</u>	<u>534</u>	<u>-</u>	<u>31,174</u>
Total Assets- Governmental	<u>\$ 33,519</u>	<u>\$ 1,857</u>	<u>\$ (2,370)</u>	<u>\$ 33,005</u>

**Business-Type Activities
Change in Capital Assets
(in thousands)**

	Balance 10-01-06	Additions	Retirements & Transfers	Balance 9/30/07
<i>Non-depreciable Assets:</i>				
Land	\$ 782	\$ 0	\$ 0	\$ 782
Construction in Progress	4,984	2,595	(1,367)	6,212
Total Non-depreciable Assets	<u>5,767</u>	<u>2,595</u>	<u>(1,368)</u>	<u>5,994</u>
<i>Other Capital Assets:</i>				
Buildings	1,651	-	-	1,652
Equipment	983	62	-	1,045
Improvements	399	-	-	399
Utility Systems	63,323	1,355	29	64,648
Total Assets Being Depreciated	<u>66,356</u>	<u>1,417</u>	<u>29</u>	<u>67,744</u>
<i>Less accumulated depreciation</i>	<u>(26,341)</u>	<u>(1,843)</u>	<u>(29)</u>	<u>(28,155)</u>
Total Net Assets Being Depreciated	<u>\$ 40,015</u>	<u>\$ (427)</u>	<u>\$ -</u>	<u>\$ 39,589</u>
Total Net Assets – Business Type Activities Capital Assets	<u>\$ 45,782</u>	<u>\$ 2,168</u>	<u>\$ (1,368)</u>	<u>\$ 46,583</u>

ENTERPRISE FUNDS

Water and Wastewater Funds

The Water and Wastewater Funds comprise major sources of revenue. A summary of revenue, net income, and income available for debt service and bond coverage is presented below.

Debt for the Water and Wastewater Funds totals \$27,600,000. This includes contract debt paid by the City and billed to The Trinity River Authority of Texas by contract (refer to footnote F – Long-Term Obligations).

Comparative data for the Water and Wastewater Fund is as follows:

	2006-07	2005-06	2004-05	2003-04	2002-03
Revenues	\$ 18,655,458	\$ 18,592,889	\$ 19,332,134	\$ 17,377,442	\$ 16,640,435
Net Operating Income	3,868,782	4,851,146	6,073,360	4,568,680	5,226,350
Income Available for Debt Service	5,639,580	6,637,940	8,336,491	6,474,692	6,313,464
Annual Debt Requirements	3,455,286	4,448,131	4,554,148	4,664,567	5,199,865
Bond Coverage	1.63	1.49	1.83	1.39	1.21

Revenues from Water and Wastewater increased 12% (2.4% per year) from FY 2002-03 to FY 2006-07. The table shows that revenues were volatile during the period. Prior year increases of \$289,000 in Wastewater made up for decreases in water revenue of approximately \$227,000 from the previous year.

Water & Wastewater Fund Debt

In 1976, the City of Huntsville entered into a contract with the Trinity River Authority of Texas (TRA) to purchase raw water impounded in the Livingston Reservoir. A contract was also signed for the operation of a water treatment plant for the raw water. Pursuant to these agreements, the City has endorsed contract revenue bonds through TRA and is unconditionally obligated to pay, from the gross operating revenues of the City, all debt service payments on these bonds, all operation and maintenance expenses of the facilities the bonds were used to build, and amounts necessary to restore any deficiencies in funds required to be accumulated under the bond resolutions.

The contract with TRA is effective until the year 2020. In 1998, the contracts were amended to increase the raw water purchases by 6 million gallons per day (MGD), to a total of 16 MGD. The City and TRA provide Tenaska, a power plant in Grimes County, up to 7 MGD. Major improvements were made to the Huntsville Regional Water Supply System (HRWSS) to provide the system resources necessary to supply the additional water to Tenaska and to increase the production/treatment capabilities to the system for future use by the City of Huntsville. In the current FY 2006-07, the contract was again amended to allow for additional water supply through 2020, up to 20 MGD. The additional payments equal the amount of previous contracts began during the current year.

Contract debt with the TRA includes a debt issue of \$3,905,000 issued in 1996 to provide water to the TDCJ Ellis and Estelle Units and the TDCJ Medical Facility. Delivery of water to these units required construction of pumping, metering, and pipeline facilities. TDCJ pays a monthly minimum service charge equal to the amount necessary to amortize the debt and purchase water from the City at the rate of \$2.35/1000 gallons. In 1997, the City issued \$3,120,000 in debt through TRA for improvements to the water treatment plant, including adding an additional clarifier, modifying two existing clarifiers, and modifying existing filters. In early 1999, the City issued contract debt in the amount of \$9.26 million that was used for expansion of the water treatment plant to serve Tenaska. In 2003, contract revenue bonds of \$3,125,000 were issued. Debt service is paid through contracts providing water to a private vendor.

Revenue bond covenants require that net revenues of the Water and Wastewater Funds equal at least one and one-fourth times the average annual requirements for the payment of principal and interest on the bonds. The City meets this requirement. Both principal and interest on the TRA surface water treatment plant debt, TRA water debt, and TRA wastewater debt is considered an operating expense. Refer to pages 54 of the footnotes for detail on Water and Wastewater debt.

Enterprise Debt Summary:

A summary of debt by type as of September 30, 2007 follows:

	REVENUE BONDS	CONTRACT DEBT	Portion of 2004 Refunding Issue	TOTAL
Water Fund	\$ -	\$ 11,450,000	\$ -	\$ 11,450,000
Wastewater Fund	14,115,000	2,035,000	-	16,150,000
Solid Waste	-	-	188,109	188,109
TOTAL	\$ 14,115,000	\$ 13,485,000	\$ 188,109	\$ 27,788,109

Future Outlook – Water and Wastewater Fund

City staff began preliminary discussions with TRA in 2001 to expand the treatment capacity of the surface water plant by eight million gallons per day and to upgrade the filter system. A study was performed in 2002 and updated in 2005 to assess plant capacity. The City is researching various operations related to overall city needs, including whether to upgrade facilities while attending to deferred maintenance, or whether the plant requires expansion or additional equipment.

A large percentage of the water consumption is by State institutions. Infrastructure is in place to serve future expansion for State facilities. The City is fortunate to have ample water supply to provide service to these areas. The water well system has also been well maintained and is available to supply water to potential customers. The City has access to a sufficient water supply to meet the needs of the City for many years into the future. The contract with TRA provided for the City to pay \$0.0283 per 1,000 gallons per day for the rights to 10 million gallons per day. Future purchases of water rights could cost as much as \$0.30 per 1,000 gallons. Consequently, in October 2006, approval was obtained for the purchase of an additional 10 million gallons in water rights at the current rate of \$0.0283 per day.

The 77th Legislature passed H.B. 3655 which created the Bluebonnet Groundwater Conservation District (the "District"). The District covers Anderson, Grimes, and Walker counties. The District assesses fees for its operations on groundwater producers in excess of 10 million gallons annually. The District assesses a 3.5 cent per thousand gallons fee. Huntsville pays approximately \$26,000 per year to the District for its groundwater pumpage.

Solid Waste Fund

The Solid Waste Fund is an Enterprise Fund which provides for the collection and disposal of solid waste, in accordance with standards established by the Texas Commission on Environmental Quality, the United States Environmental Protection Agency, and City ordinances. This fund accounts for the cost of providing this service with user fees as the source of income. The City operates the only solid waste disposal facility in Walker County. A program to recycle white goods, tires, metals, yard waste, wood pallets, oil and oil filters has been in the operation at the solid waste disposal facility since March 1990.

In 1993, the City issued \$1,600,000 in certificates of obligation (CO's) to finance the closing of the City landfill, the construction of a transfer station, the purchase of equipment for use in transferring the waste, and the related engineering costs of the change. The certificates were refunded in FY 2004. Solid waste's share of the refunding issue at September 30, 2007 is \$188,108, which is the total outstanding debt for the Solid Waste Fund.

The primary sources of revenue are charges to customers for collection and disposal services. In addition to residential collection services, the City operates a commercial container collection system. Rates for commercial containers are based on the size of the containers and the number of pick-ups per month.

Comparative analytical data is presented below for the Solid Waste Fund:

	2006-07	2005-06	2004-05	2003-04	2002-03
Net Operating Income (loss)*	\$ 194,567	\$ 255,146	\$ 232,549	\$ 362,950	\$ 465,341
Working Capital	1,653,411	1,466,265	1,217,008	1,225,756	990,528
Net Assets-Unreserved	1,559,530	1,454,978	1,169,554	1,371,366	1,141,575

*Before operating transfers

Working capital increased \$187,146 from the prior year and unreserved net assets increased \$104,552.

Future Outlook – Solid Waste

The City will continue to look at waste minimization through composting, recycling, and other methods of solid waste reduction to make disposal as efficient as possible. The City actively researches new disposal methods and seeks commercial customers providing additional income. In 2006 the City contracted with the Texas Parks and Wildlife for collection service at Huntsville State Park near the city limits.

For the upcoming FY2007-08 rates were slightly increased for the first time since FY2001-02. Additionally, beginning in FY2007-08 the City will implement a new, automated system of residential collection to replace the current manual system. Over a ten year period automated collection is projected to cost substantially less than manual collection after the initial capital investment.

INTERNAL SERVICE FUNDS

Internal Service Funds (ISF) are used to charge other City funds for services they provide within the organization. The City uses Internal Service Funds in two primary ways: (1) to accumulate funds for the replacement of equipment; and (2) to account for the cost of providing service to other user departments. The City has the following Internal Service Funds: Medical Insurance, Equipment Replacement, and Computer Equipment Replacement.

Equipment Replacement Funds

The Equipment Replacement Fund provides fleet and rolling stock equipment for the City. The Computer Equipment Replacement Fund provides computer equipment and software for the City. The funds receive lease charges from user divisions based on the economic life of the equipment and vehicles. The funds then used to purchase replacement equipment as scheduled and/or as conditions warrant. User divisions are charged an annual lease fee, based on the useful life and anticipated replacement cost for assets assigned to the division. The replacement schedules are reviewed annually, as part of the budget process. The revenues are transferred from user division budgets to ensure that sufficient funds are available to fund expenses. A lease charge is assessed the following year of a new purchase to fund replacement of the equipment in future years. The new items are accounted for as assets in the equipment replacement funds. Initial funding for additional equipment is budgeted in the user divisions. The equipment is purchased and accounted for in the equipment replacement internal service funds. The Capital Equipment and Computer Replacement Funds had total net assets of \$2,454,814 and \$711,303, respectively, at year end for a total of \$3,166,117.

Medical Insurance Fund

In accordance with the Government Accounting Standard Board (GASB) Statement 10, the City classifies its Medical Insurance Fund as an Internal Service Fund. The City has been self-funded for medical insurance since 1985, and during the budget process each year has reviewed funding requirements, fund equity, and plan provisions. This fund is used to account for the accumulation of resources for medical, dental, and selected benefit coverage for employees and dependents. The employees, at their option, may elect to purchase dependent coverage at their expense. Fund equity on September 30, 2007 was \$236,012. Rates have been increased to cover increasing costs and to provide sufficient reserves. Employees' contributions began in FY 2006. Aggregate liabilities were \$318,287 at year end. In preparation for implementation of Government Accounting and Standards Board (GASB) Statement 45, the City contracted for an independent actuarial study to assess liability related to funding retirees' insurance. Future annual reports will reflect liabilities pursuant to the study and City policies.

**Internal Service Fund Activity
as of September 30, 2007
(in thousands)**

	Medical Insurance Fund	Equipment Replacement Fund	Computer Replacement Fund	Total
Revenues, Interest & Transfers	\$ 2,440,955	\$ 992,238	\$ 267,315	\$ 3,700,508
Operating Expenses	<u>(2,509,065)</u>	<u>(804,631)</u>	<u>(223,772)</u>	<u>(3,537,468)</u>
Change in Net Assets	(68,110)	187,607	43,543	163,040
Net Assets – Beginning	<u>304,122</u>	<u>2,267,207</u>	<u>667,760</u>	<u>3,239,089</u>
Net Assets - Ending	<u><u>\$ 236,012</u></u>	<u><u>\$ 2,454,814</u></u>	<u><u>\$ 711,303</u></u>	<u><u>\$ 3,402,129</u></u>

Cash flows from Capital and Related Financing Activities:

Principal and Interest Paid	-	(94,025)	(213,798)	(307,823)
Acquisition of Assets	-	(1,016,463)	(43,966)	(1,060,429)
Proceeds from Sales	-	-	-	-
Cash Used for Capital	-	(1,110,488)	(257,764)	(1,368,252)

RETIREMENT PLAN

On October 1, 1989, the City became a member of the Texas Municipal Retirement System. The City of Huntsville is not part of the Federal Social Security System. Note "I" to the Financial Statements (Pension Plan) gives a detailed overview of the plan, the City's contributions, and the contingent liability. Annual pension costs were \$1,810,875, an increase of \$98,736 from the prior year.

FUND BALANCES AND FUND EQUITY

The City continues the policy that all fund balances maintain sufficient reserve to meet cash flow requirements and to fund emergency needs. The city's balances are adequate for these needs. It is the policy of the City to generate the required funds for current year operating expenses (excluding depreciation) in the Enterprise funds. Funds available from the prior year less appropriate amounts for cash flow and emergencies may be used for capital purchases or transferred to the Capital Projects Fund. Fund balances and unallocated funds are reviewed each year.

The General Fund balance increased \$2 million, with \$2.1million revenues over expenditures. Revenues exceeded budget and expenditures were substantially under budget. Sales tax revenue was \$600,000 over projections. Sales tax revenues have risen at a steady pace for the past two years with growth in the local university and apartment building. Sales tax has remained strong since the hurricane evacuation two years ago. Other savings were attributed to less spending in Public Safety and budget management of overtime in all departments.

The Debt Service Fund balance decreased \$58,028 with the use of fund balance for debt payments.

The Street Fund balance decreased \$93,125 with increased spending in operations. In the immediate prior years, costs were attributable to capital projects. Other governmental funds experienced fund balance declines for a combination of \$526,125 with expenditures for capital projects and the inclusion of Capital Project Funds in this group.

The Water Fund posted an asset equity increase of \$993,370 and Wastewater an increase of \$1,754,334. Combined revenues were about the same with a substantial increase in wastewater revenue and a corresponding decrease in water revenue due to a "wetter" year. Water revenue decreased \$226,898 while wastewater revenue increased \$289,467. Revenues for the Water Fund reflect volatility related to the weather.

The Solid Waste enterprise fund posted an asset equity increase of \$284,343. Revenue increased \$95,791 from the prior year due to increases in commercial and other disposal fees. Residential revenue remained flat. Operating income increased \$156,370 from the previous year.

Basic Financial Statements

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2007

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 12,342,251	\$ 12,898,910	\$ 25,241,161
Prepaid expenses	61,631	--	61,631
Accounts receivable:			
Receivables (net of allowances for uncollectibles)	26,224	1,924,215	1,950,439
Sales tax	534,171	--	534,171
Property taxes	424,086	--	424,086
Grants	144,350	--	144,350
Other	86,977	464	87,441
Fines and Fees (net)	151,965	--	151,965
Internal balances	(749,544)	749,544	--
Due from other governments	32,258	--	32,258
Inventories	153,528	110,284	263,812
Restricted assets:			
Cash and cash equivalents	--	8,747,294	8,747,294
Investment in joint venture	--	17,416,125	17,416,125
Deferred charges - bond issuance costs	164,896	369,468	534,364
Capital assets not being depreciated	1,830,362	6,994,122	8,824,484
Capital assets (net of accumulated depreciation)	31,174,277	39,588,732	70,763,009
Total Assets	46,377,432	88,799,158	135,176,590
LIABILITIES:			
Accounts payable	698,065	636,905	1,334,970
Accrued interest	121,666	26,441	148,107
Liabilities payable from restricted assets:			
Customer deposits	--	652,419	652,419
Accrued interest	--	187,089	187,089
Accrued liabilities	501,360	91,544	592,904
Due to other governments	88,018	22,861	110,879
Due to others	47,017	--	47,017
Noncurrent Liabilities-			
Due within one year	1,686,806	2,251,217	3,938,023
Due in more than one year	18,598,147	25,829,074	44,427,221
Total Liabilities	21,741,079	29,697,550	51,438,629
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	14,125,129	30,571,758	44,696,887
Restricted For:			
Federal and State Programs	20,573	--	20,573
Debt Service	281,096	--	281,096
Capital Projects	1,065,296	--	1,065,296
Unrestricted	9,144,259	28,529,850	37,674,109
Total Net Assets	\$ 24,636,353	\$ 59,101,608	\$ 83,737,961

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
Charter offices	\$ 355,117	\$ --	\$ --	\$ --
Administrative services	927,606	--	--	--
Finance	514,249	696,960	--	--
Public works	4,390,108	551,018	109,198	--
Community services	2,840,771	126,987	197,568	475,000
Public safety	5,261,792	261,730	312,012	--
Interest on Long-term Debt	823,536	--	--	--
Total Governmental Activities	15,113,179	1,636,695	618,778	475,000
Business-type Activities:				
Water	9,418,778	10,041,283	138,024	--
Wastewater	6,865,550	8,258,369	217,782	--
Solid Waste	3,653,569	3,845,390	--	--
Oakwood Cemetary - Operating	104,349	23,930	1,400	--
Total Business-type Activities	20,042,246	22,168,972	357,206	--
Total Primary Government	\$ 35,155,425	\$ 23,805,667	\$ 975,984	\$ 475,000

General Revenues:

Property Taxes
Sales Taxes
Franchise Taxes
Other Taxes
Unrestricted Investment Earnings
Other

Transfers

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Prior Period Adjustment

Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (355,117)		\$ (355,117)
(927,606)		(927,606)
182,711		182,711
(3,729,892)		(3,729,892)
(2,041,216)		(2,041,216)
(4,688,050)		(4,688,050)
(823,536)		(823,536)
<u>(12,382,706)</u>		<u>(12,382,706)</u>
--	\$ 760,529	760,529
--	1,610,601	1,610,601
--	191,821	191,821
--	(79,019)	(79,019)
--	<u>2,483,932</u>	<u>2,483,932</u>
<u>(12,382,706)</u>	<u>2,483,932</u>	<u>(9,898,774)</u>
4,222,399	--	4,222,399
5,902,325	--	5,902,325
2,157,839	--	2,157,839
581,957	--	581,957
571,588	1,074,767	1,646,355
445,494	--	445,494
490,458	(490,458)	--
<u>14,372,060</u>	<u>584,309</u>	<u>14,956,369</u>
<u>1,989,352</u>	<u>3,068,241</u>	<u>5,057,593</u>
23,461,367	56,033,367	79,494,734
(814,366)	--	(814,366)
<u>\$ 24,636,353</u>	<u>\$ 59,101,608</u>	<u>\$ 83,737,961</u>

CITY OF HUNTSVILLE, TEXAS**BALANCE SHEET - GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2007

	General Fund	Street	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 6,994,494	\$ 1,342,499	\$ 2,610,450	\$ 10,947,443
Prepaid expenses	61,631	--	--	61,631
Accounts receivable:				
Receivables (net of allowances for uncollectibles)	20,962	2,602	2,660	26,224
Sales tax	534,171	--	--	534,171
Property taxes	237,488	--	186,598	424,086
Grants	--	--	144,350	144,350
Other	42,564	--	44,413	86,977
Due from other funds	122,346	27,885	858	151,089
Due from other governments	32,258	--	--	32,258
Inventories	103,991	23,043	26,494	153,528
Total Assets	\$ 8,149,905	\$ 1,396,029	\$ 3,015,823	\$ 12,561,757
LIABILITIES:				
Accounts payable	\$ 186,623	\$ 55,246	\$ 82,647	\$ 324,516
Deferred revenue	237,488	--	186,598	424,086
Accrued liabilities	466,490	24,661	10,209	501,360
Due to other funds	867,342	28,684	4,607	900,633
Due to other governments	71,588	--	16,430	88,018
Due to others	47,017	--	--	47,017
Noncurrent Liabilities-				
Due within one year	--	--	76,769	76,769
Total Liabilities	1,876,548	108,591	377,260	2,362,399
FUND BALANCES:				
Reserved for inventory	103,991	23,043	26,494	153,528
Reserved for debt service	--	--	94,498	94,498
Unreserved, reported in:				
General Fund	6,169,366	--	--	6,169,366
Special revenue funds	--	1,264,395	998,057	2,262,452
Capital projects funds	--	--	1,065,296	1,065,296
Permanent funds	--	--	454,218	454,218
Total Fund Balances	6,273,357	1,287,438	2,638,563	10,199,358
Total Liabilities and Fund Balance	\$ 8,149,905	\$ 1,396,029	\$ 3,015,823	\$ 12,561,757

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE, TEXAS

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007*

Total fund balances - governmental funds balance sheet	\$ 10,199,358
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Amounts reported for governmental activities in the statement of net assets
("SNA") are different because:

Capital assets used in governmental activities are not reported in the funds.	29,993,481
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	424,086
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	3,402,129
Payables for bond principal which are not due in the current period are not reported in the funds.	(4,171,916)
Payables for bond interest which are not due in the current period are not reported in the funds.	(98,972)
Payables for notes which are not due in the current period are not reported in the funds.	(14,100,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,163,778)
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	151,965

Net assets of governmental activities - statement of net assets	\$ <u>24,636,353</u>
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The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE, TEXAS
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	General Fund	Street	Other Governmental Funds	Total Governmental Funds
REVENUES:				
<i>Property taxes</i>	\$ 2,351,755	\$ --	\$ 1,782,764	\$ 4,134,519
<i>Sales tax</i>	5,902,325	--	--	5,902,325
<i>Franchise fees</i>	--	2,157,839	--	2,157,839
<i>Other taxes</i>	70,454	--	511,503	581,957
<i>Licenses and permits</i>	444,643	--	--	444,643
<i>Charges for sales and services</i>	279,509	68,187	288,545	636,241
<i>Fines, fees, and forfeitures</i>	847,073	--	42,327	889,400
<i>Donations, contributions, and grants</i>	51,975	--	780,651	832,626
<i>Investment income</i>	356,441	57,988	157,157	571,586
<i>Other</i>	436,172	3,079	6,500	445,751
<i>Administrative cost reimbursement</i>	4,653,361	--	--	4,653,361
Total Revenues	15,393,708	2,287,093	3,569,447	21,250,248
EXPENDITURES:				
<i>Charter office</i>	909,677	--	--	909,677
<i>Administrative services</i>	2,529,657	--	--	2,529,657
<i>Finance</i>	1,019,252	--	61,391	1,080,643
<i>Public works</i>	1,856,590	2,524,019	138,646	4,519,255
<i>Community services</i>	2,026,606	--	894,620	2,921,226
<i>Public safety</i>	4,806,259	--	1,453,460	6,259,719
Debt Service:				
<i>Principal Retirement</i>	125,000	--	819,848	944,848
<i>Interest and fiscal charges</i>	27,620	--	801,723	829,343
Total Expenditures	13,300,661	2,524,019	4,169,688	19,994,368
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,093,047	(236,926)	(600,241)	1,255,880
OTHER FINANCING SOURCES (USES)				
<i>Transfers in</i>	307,570	222,334	422,011	951,915
<i>Transfers out</i>	(387,963)	(78,533)	(347,895)	(814,391)
Total other financing sources (uses)	(80,393)	143,801	74,116	137,524
NET CHANGE IN FUND BALANCES	2,012,654	(93,125)	(526,125)	1,393,404
FUND BALANCE, Beginning of period	4,260,703	1,380,563	3,164,688	8,805,954
FUND BALANCE, End of period	\$ 6,273,357	\$ 1,287,438	\$ 2,638,563	\$ 10,199,358

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Net change in fund balances - total governmental funds	\$ 1,393,404
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,446,655
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,832,326)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	87,880
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	439,848
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	505,000
(Increase) decrease in accrued interest from beginning of period to end of period	5,807
The net revenue (expense) of internal service funds is reported with governmental activities.	163,040
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(147,262)
Revenues in the SOA for court fines not providing current financial resources are not reported in the funds.	(72,694)
Change in net assets of governmental activities - statement of activities	\$ <u>1,989,352</u>

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2007

	Enterprise Fund	Enterprise Fund
	Water Fund	Wastewater Fund
ASSETS:		
Current Assets:		
<i>Cash and cash equivalents</i>	\$ 6,645,040	\$ 4,350,962
Accounts receivable:		
<i>Receivables (net of allowances for uncollectibles)</i>	1,010,112	645,616
<i>Other</i>	429	--
<i>Due from other funds</i>	840,259	10
<i>Inventories</i>	100,065	10,219
Restricted assets:		
<i>Cash and cash equivalents</i>	3,105,688	5,641,606
Total Current Assets	<u>11,701,593</u>	<u>10,648,413</u>
Noncurrent Assets		
<i>Investment in joint venture</i>	17,416,125	--
<i>Deferred charges - bond issuance costs</i>	42,480	300,963
<i>Capital assets not being depreciated</i>	1,055,277	5,938,845
<i>Capital assets (net of accumulated depreciation)</i>	10,555,732	28,344,780
Total Noncurrent Assets	<u>29,069,614</u>	<u>34,584,588</u>
Total Assets	<u>\$ 40,771,207</u>	<u>\$ 45,233,001</u>
LIABILITIES:		
Current Liabilities:		
<i>Accounts payable</i>	\$ 408,238	\$ 159,606
<i>Accrued interest</i>	26,171	--
Liabilities payable from restricted assets:		
<i>Customer deposits</i>	240,044	220,935
<i>Accrued interest</i>	93,634	93,455
<i>Accrued liabilities</i>	30,792	25,429
<i>Due to other funds</i>	51,934	20,493
<i>Due to other governments</i>	--	8,551
<i>Noncurrent liabilities due within one year</i>	747,891	1,354,235
Total Current Liabilities	<u>1,598,704</u>	<u>1,882,704</u>
Noncurrent Liabilities-		
<i>Due in more than one year</i>	10,808,208	14,841,713
Total Noncurrent Liabilities	<u>10,808,208</u>	<u>14,841,713</u>
Total Liabilities	<u>12,406,912</u>	<u>16,724,417</u>
NET ASSETS:		
<i>Invested in capital assets, net of related debt</i>	11,611,010	18,434,589
<i>Unrestricted</i>	16,753,285	10,073,995
Total Net Assets	<u>28,364,295</u>	<u>28,508,584</u>
Total Liabilities and Net Assets	<u>\$ 40,771,207</u>	<u>\$ 45,233,001</u>

The accompanying notes are an integral part of this statement.

Enterprise Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Funds
Solid Waste Fund	Oakwood Cemetery Fund		
\$ 1,857,543	\$ 45,365	\$ 12,898,910	\$ 1,383,721
268,487	--	1,924,215	--
35	--	464	--
5,418	3,503	849,190	--
--	--	110,284	--
--	--	8,747,294	--
2,131,483	48,868	24,530,357	1,383,721
--	--	17,416,125	--
26,025	--	369,468	--
--	--	6,994,122	--
688,220	--	39,588,732	3,176,055
714,245	--	64,368,447	3,176,055
\$ 2,845,728	\$ 48,868	\$ 88,898,804	\$ 4,559,776
\$ 66,621	\$ 2,440	\$ 636,905	\$ 362,463
270	--	26,441	22,694
191,440	--	652,419	--
--	--	187,089	--
33,344	1,979	91,544	--
26,702	517	99,646	--
14,310	--	22,861	--
145,385	3,706	2,251,217	277,350
478,072	8,642	3,968,122	662,507
179,153	--	25,829,074	495,140
179,153	--	25,829,074	495,140
657,225	8,642	29,797,196	1,157,647
526,159	--	30,571,758	2,403,565
1,662,344	40,226	28,529,850	998,564
2,188,503	40,226	59,101,608	3,402,129
\$ 2,845,728	\$ 48,868	\$ 88,898,804	\$ 4,559,776

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Enterprise Fund	Enterprise Fund
	Water Fund	Wastewater Fund
OPERATING REVENUES:		
Service Charges:		
<i>Water sales</i>	\$ 9,522,155	\$ --
<i>Wastewater sales and services</i>	--	8,075,460
<i>Solid waste fees - residential and commercial</i>	--	--
<i>Solid waste fees - disposal</i>	--	--
<i>Cemetery operations</i>	--	--
<i>Inter-department sales and services</i>	311,619	55,208
Total service charges	9,833,774	8,130,668
Service Fees and Miscellaneous:		
<i>Tap and connection fees</i>	135,057	56,643
<i>Customer penalties and miscellaneous</i>	72,452	71,058
<i>Grants and contributions</i>	138,024	217,782
Total service fees and miscellaneous	345,533	345,483
Total Operating Revenues	10,179,307	8,476,151
OPERATING EXPENSES:		
<i>Administration</i>	2,732,315	2,196,706
<i>Water production and distribution</i>	1,618,398	--
<i>Wastewater collection and treatment</i>	--	2,300,582
<i>Solid waste collection and disposal</i>	--	--
<i>Cemetery operations</i>	--	--
<i>TRA joint venture</i>	3,366,092	--
<i>Utility billing/customer service</i>	568,875	--
<i>Lab/compliance</i>	--	232,910
<i>Equipment replacement</i>	--	--
<i>Depreciation expense</i>	418,255	1,352,543
Total Expenditures	8,703,935	6,082,741
OPERATING INCOME (LOSS)	1,475,372	2,393,410
NONOPERATING REVENUES (EXPENSES):		
<i>Interest income</i>	443,814	530,674
<i>Interest expense</i>	(714,843)	(782,809)
Total Non-operating Revenues (Expenses)	(271,029)	(252,135)
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	1,204,343	2,141,275
CONTRIBUTIONS AND TRANSFERS :		
<i>Transfers in</i>	--	--
<i>Transfers out</i>	(210,973)	(386,941)
Total Contributions and Transfers	(210,973)	(386,941)
CHANGE IN NET ASSETS	993,370	1,754,334
TOTAL NET ASSETS - beginning	27,370,925	26,754,250
TOTAL NET ASSETS - end	\$ 28,364,295	\$ 28,508,584

The accompanying notes are an integral part of this statement.

Enterprise Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Funds
Solid Waste Fund	Oakwood Cemetery Fund		
\$ --	\$ --	\$ 9,522,155	\$ --
--	--	8,075,460	--
3,052,051	--	3,052,051	--
723,040	--	723,040	--
--	23,930	23,930	--
--	--	366,827	3,014,688
<u>3,775,091</u>	<u>23,930</u>	<u>21,763,463</u>	<u>3,014,688</u>
--	--	191,700	--
70,299	--	213,809	109,715
--	1,400	357,206	175,287
<u>70,299</u>	<u>1,400</u>	<u>762,715</u>	<u>285,002</u>
<u>3,845,390</u>	<u>25,330</u>	<u>22,526,178</u>	<u>3,299,690</u>
788,305	--	5,717,326	2,509,065
--	--	1,618,398	--
--	--	2,300,582	--
2,790,078	--	2,790,078	--
--	104,349	104,349	--
--	--	3,366,092	--
--	--	568,875	--
--	--	232,910	--
--	--	--	83,092
72,440	--	1,843,238	945,311
<u>3,650,823</u>	<u>104,349</u>	<u>18,541,848</u>	<u>3,537,468</u>
194,567	(79,019)	3,984,330	(237,778)
96,341	3,938	1,074,767	78,747
(2,746)	--	(1,500,398)	(30,863)
<u>93,595</u>	<u>3,938</u>	<u>(425,631)</u>	<u>47,884</u>
288,162	(75,081)	3,558,699	(189,894)
3,435	111,275	114,710	356,369
(7,254)	--	(605,168)	(3,435)
<u>(3,819)</u>	<u>111,275</u>	<u>(490,458)</u>	<u>352,934</u>
284,343	36,194	3,068,241	163,040
1,904,160	4,032	56,033,367	3,239,089
<u>\$ 2,188,503</u>	<u>\$ 40,226</u>	<u>\$ 58,101,608</u>	<u>\$ 3,402,129</u>

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Enterprise Funds			
	Water Fund	Waste Water Fund	Solid Waste Fund	NonMajor Funds
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 9,632,435	\$ 8,236,104	\$ 3,837,210	\$ 25,330
Cash Received from Grants and Contributions	138,024	217,782		
Interfund Services Provided and Used	311,619	55,208	--	--
Cash Payments to Employees for Services	(1,217,771)	(1,270,508)	(1,468,713)	(81,419)
Cash Payments to Other Suppliers for Goods and Services	(3,264,223)	(3,594,456)	(2,092,940)	(23,924)
Cash Payments for TRA Joint Venture	(2,831,758)	--	--	--
Net Cash Provided (Used) by Operating Activities	2,768,326	3,644,130	275,557	(80,013)
Cash Flows from Non-capital Financing Activities:				
Transfers From (To) Other Funds	(210,973)	(386,941)	(3,819)	111,275
Net Cash Provided (Used) by Non-capital Financing Activities	(210,973)	(386,941)	(3,819)	111,275
Cash Flows from Capital and Related Financing Activities:				
Principal and Interest Paid	(1,428,726)	(2,053,762)	(105,941)	--
Acquisition or Construction of Capital Assets	(1,091,982)	(1,537,805)	(14,318)	--
Proceeds for the Disposition of Capital Assets	--	--	--	--
Net Cash Provided (Used) for Capital & Related Financing Activities	(2,520,708)	(3,591,567)	(120,259)	--
Cash Flows from Investing Activities:				
Interest and Dividends on Investments	443,814	530,674	96,341	3,938
Net Cash Provided (Used) for Investing Activities	443,814	530,674	96,341	3,938
Net Increase (Decrease) in Cash and Cash Equivalents	480,459	196,296	247,820	35,200
Cash and Cash Equivalents at Beginning of Year	9,270,269	9,796,272	1,609,723	10,165
Cash and Cash Equivalents at End of Year	\$ 9,750,728	\$ 9,992,568	\$ 1,857,543	\$ 45,365
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 1,475,372	\$ 2,393,410	\$ 194,567	\$ (79,019)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation/Amortization	418,255	1,352,543	72,440	--
Change in Assets and Liabilities:				
Decrease (Increase) in Receivables	(125,220)	9,924	(17,214)	--
Decrease (Increase) in Inventories	76,847	14,489	--	--
Decrease (Increase) in Joint Venture	534,334	--	--	--
Increase (Decrease) in Accounts Payable	304,545	(100,034)	847	2,340
Increase (Decrease) in Customer Deposits	27,991	23,019	9,034	--
Increase (Decrease) in Compensated Absences	23,418	(76,342)	(9,934)	719
Increase (Decrease) in Interfund Payables	30,093	26,137	21,233	(4,237)
Increase (Decrease) in Due to Other Governments	--	--	753	--
Increase (Decrease) in Accrued Expenses	2,691	984	3,831	184
Total Adjustments	1,292,954	1,250,720	80,990	(994)
Net Cash Provided (Used) by Operating Activities	\$ 2,768,326	\$ 3,644,130	\$ 275,557	\$ (80,013)

The accompanying notes are an integral part of this statement.

EXHIBIT A-9

Totals	Internal Service Funds
\$ 21,731,079	\$ 160,875
355,806	175,287
366,827	3,014,688
(4,038,411)	--
(8,975,543)	(2,406,719)
(2,831,758)	--
6,608,000	944,131
(490,458)	352,934
(490,458)	352,934
(3,588,429)	(307,823)
(2,644,105)	(1,060,429)
--	--
(9,134,720)	(1,368,252)
1,074,767	78,747
1,074,767	78,747
959,775	7,560
20,686,429	1,376,161
21,646,204	\$ 1,383,721
\$ 3,984,330	\$ (237,778)
1,843,238	945,311
--	--
(132,510)	51,160
91,336	--
534,334	--
207,698	185,438
60,044	--
(62,139)	--
73,226	--
753	--
7,690	--
2,623,670	1,181,909
7,763,884	\$ 944,131

CITY OF HUNTSVILLE, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2007

	Agency Funds
ASSETS:	
<i>Cash and cash equivalents</i>	\$ 11,087
Total Assets	\$ 11,087
LIABILITIES:	
<i>Accounts payable</i>	\$ 11,087
Total Liabilities	11,087
Total Fund Balances	--
Total Liabilities and Fund Balance	\$ 11,087

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2007

A. Summary of Significant Accounting Policies

The accounting and reporting policies of the City of Huntsville, Texas, ("City"), included in the accompanying basic financial statements conform to the generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the City's Comprehensive Annual Financial Report.

1. Reporting Entity

City of Huntsville (the City) is a municipal corporation governed by an elected mayor and eight-member council. As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City (the primary government). Each blended component unit has a September 30 year end.

The following blended component unit is reported as a Special Revenue Fund:

Huntsville Natural & Cultural Resources, Inc. (HNCR) is a nonprofit corporation created by the city to receive donations of land and money to provide park facilities and protection of cultural/historic amenities of the City. The City's Parks Advisory Board (all members of which are appointed by City Council) acts as Board of Directors. All decisions (financial etc.) of HNCR require the approval of the City of Huntsville's City Council. HNCR does not issue separate financial statements but financial information relating to HNCR, including its 990 (Internal Revenue Service "Return of Organization Exempt from Income Tax"), may be obtained at City of Huntsville, 1212 Avenue M, Huntsville, Texas 77340. HNCR has only received donations of land during its existence which the City has included in its Capital Assets. No other activity occurred which would be recorded as revenue or expenditure. Consequently, no special revenue fund statements have been prepared for HNCR.

2. Basis of Presentation

BASIC FINANCIAL STATEMENTS

The basic financial statements include both government-wide financial statements (based on the City as a whole) and fund financial statements. Both sets of financial statements classify activities as either governmental, which are supported by taxes and intergovernmental revenues, or business-type activities, which rely on fees and charges for support.

Government-wide financial statements:

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given program or function are offset by the program's revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given program and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The effect of interfund activity within the governmental and business-type activities columns has been removed from these statements.

Fund financial statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Each fund is considered a separate accounting entity and the operations of each fund are accounted for using a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriated. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for

CITY OF HUNTSVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2007

which they are to be spent and the means by which spending activities are controlled. Separate statements are presented for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

The government wide focus is on the sustainability of the City as an entity and the change in net financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides a different focus, which allows the reader to compare and analyze the information to enhance the usefulness of the statements.

GOVERNMENTAL FUND TYPES

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds (in the fund financial statements) is on the sources, uses and balance of current financial resources and include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. The individual funds are described as follows:

Major Governmental Funds

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Street Special Revenue Fund - The Street Special Revenue Fund is used to account for the proceeds of revenue sources that are restricted to expenditures for street repairs and improvements.

Non-major Governmental Funds

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted to expenditures for specified purposes.

Capital Projects Funds - The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the Proprietary Fund Types. Such resources are derived from proceeds of general obligation bonds or other sources of revenue specifically set aside for capital projects.

Permanent Funds - The Permanent Funds are used to report resources that are legally restricted to the extent that only earnings and not principal, may be used for purposes that support the City's Library and Cemetery operations.

PROPRIETARY FUND TYPES

The Proprietary Fund Types are used to account for the City's organization and activities which are similar to those often found in the private sector. These funds are financed and operated in a manner similar to private business enterprises - where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered mainly through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

CITY OF HUNTSVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2007

Major Proprietary Funds

Water Fund - This fund accounts for the provision of water services to the residents of the city and some residents of the county. All activities necessary to provide such services are accounted for in these funds including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Wastewater Fund - This fund accounts for the provision of wastewater services to the residents of the city and some residents of the county. All activities necessary to provide such services are accounted for in these funds including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Solid Waste Fund - This fund accounts for all solid waste collection and disposal services the City provided to residents (residential and commercial) of the city and some residents of the county. All activities necessary to provide such services are accounted for in these funds including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Non-major Proprietary Funds

Enterprise Funds - The funds that are operated as enterprise funds within the City but are not considered major funds are the Oakwood Cemetery Operation Fund.

Internal Service Funds - The Internal Service Funds, which provide services primarily to other funds of the government, are presented in the summary form as part of the proprietary fund financial statements. The financial statements of the internal service funds are allocated by percentage of use to the governmental and business-type columns when presented at the government wide level. Various operations are accounted for as internal service funds, such as operational costs associated with automobile and heavy equipment and repairing City owned facilities, operational costs associated with the City's computer equipment within various departments, as well as jointly shared administrative departments.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principle on-going operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

3. Measurement Focus/Basis of Accounting.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus refers to what is being measured and basis of accounting refers to timing of revenue and expenditure recognition in the financial statements.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled utility services which are accrued. Expenses are recognized at the time the liability is incurred.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow private-sector guidance issued subsequent to November 30, 1989.

CITY OF HUNTSVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2007

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues available if they are collected within sixty (60) days after year-end. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from currently available financial resources.

Ad valorem, sales, hotel, and franchise tax revenues recorded in the Governmental Fund Types are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earning on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

4. Budgets.

At least 30 days prior to the end of each fiscal year, the City Manager submits a proposed budget presenting a complete financial plan for the ensuing fiscal year to the City Council (the Council). Public hearings are conducted, at which time all interested persons' comments concerning the budget are heard. The budget must be legally adopted by the Council through passage of an ordinance no later than the twenty-seventh day of the last month of the fiscal year.

Formal budgetary integration is employed as a management control device during the year for all Governmental and Proprietary Fund Types. All budgets are prepared on the budgetary basis, except Capital Project Funds and the following Special Revenue Funds: Police Forfeiture Fund, Federal Grants Fund, and the Area Revitalization Special Revenue Fund. Budgetary control is exercised at the division level. The encumbrances outstanding at year end are recognized as expenditures against that year's appropriation. These encumbrances are reconciled to generally accepted accounting principles where appropriate.

Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of City Council. The City Manager is authorized to make budget transfers within any fund up to \$3,000. Amendments between divisions in excess of \$3,000 must have Council approval, as must any revisions which alter the total expenditures of any fund. An amount is budgeted each year for contingencies which may arise, and the same budgetary controls apply to it also. In accordance with the legally adopted budget document and for state statute compliance purposes expenditures may not legally exceed budgeted appropriations at the division level. During the year, several supplementary appropriations were necessary.

The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results, except for the effect of encumbrances and unrealized investment gains and losses, which are reconciled to the actual results for this comparison.

5. Encumbrances.

Encumbrance accounting is employed as an extension of formal budgetary control in all funds. Encumbrance accounting is a process whereby purchase orders, contracts and other commitments for the expending of monies are recorded in order to reserve that portion of the applicable appropriation. Outstanding year-end encumbrances are reported as reservation of fund balances and do not constitute expenditures or liabilities because the commitments are carried forward into the subsequent fiscal year.

6. Cash and Investments.

For cash flow purposes, cash and cash equivalents consist of demand deposits, certificates of deposits and deposits in authorized investment pools.

CITY OF HUNTSVILLE, TEXAS

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FOR THE YEAR ENDED SEPTEMBER 30, 2007

Texas State law requires the City to adopt written investment policies. The City's investment policy was last amended on September 5, 2007. The investment policy was first adopted in March, 1990, amended October 1, 1990, February 8, 1994, December 12, 1995, February 19, 1998, February 8, 2000 and September 28, 2001. Authorized investments include those outlined in the Texas Government Code. Authorized investments include:

- obligations of the United States or its agencies and instrumentalities;
- direct obligations of the state of Texas or its agencies and instrumentalities;
- obligations that the principal of and interest in which are unconditionally guaranteed by the State of Texas, or the United States or its agencies and instrumentalities;
- certain certificates of deposit issued by state and national banks domiciled in Texas;
- certain prime domestic bankers' acceptances (Texas Government Code Section 2256.009)
- commercial paper with a stated maturity of 270 days or less rated not less than A-1 or P-1;
- fully collateralized repurchase agreements;
- public funds investment pools approved by resolution of the City Council

The City currently invests in local government pools, and obligations of the United States or State of Texas or its agencies and instrumentalities, exclusively. Investments are reported at fair value. The City follows the provisions GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" ("Statement"). Those provisions require that certain investments be reported at fair value, rather than at cost or amortized cost, and that the changes in fair value of investments be recognized as investment revenue. The statement further provides that the City has the option of continuing to report certain investments at cost or amortized cost but must disclose its policy in this regard. In accordance with GASB Statement No. 31, the City's general policy is to report all investments at fair value.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its share.

The City investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a-7 like, in which case they are reported at share value. A 2a-7 like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940.

7. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or legal agreements. The "customer deposit account" is used to report utility customer deposits required to be segregated by the deposit agreement. "Construction funds account" is used to report those proceeds of revenue

CITY OF HUNTSVILLE, TEXAS
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FOR THE YEAR ENDED SEPTEMBER 30, 2007

bond issuance and/or certificate of obligation issuances that are restricted for use in construction. The "revenue bond interest and sinking account" is used to segregate resources accumulated for debt service payments over the next twelve months. The "bond reserve account" are used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account.

8. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

All trade receivables are shown net of an allowance for uncollectibles. Trade receivables are reviewed at year-end to establish or update the provisions for estimated uncollectible receivables. These provisions are estimated based on an analysis of an aging of the year-end accounts receivable balance and/or the historical rate of uncollectibility.

Taxes Receivable - Property taxes levied for the current year are recorded on the balance sheet as taxes receivable and deferred revenue at the beginning of the year. Property taxes are recognized as revenue when collected in cash at which time the balance sheet accounts, taxes receivable and deferred revenue are reduced by the amount of the collection. The amount of taxes receivable at year-end that would be collected soon enough to be used to pay liabilities of the current period is immaterial. At year-end, all uncollected property taxes are reported on the balance sheet as taxes receivable and deferred revenue. In accordance with governing statutes, property taxes were levied on October 1, 2005, to provide a revenue source to be used to finance the current year's budget. Taxes levied on October 1, 2005, were due and payable by January 31, 2006. On January 1, 2006 a tax lien is attached to property to secure the payment of all taxes, penalties and interest ultimately imposed for one year on that property. After January 31, 2006, unpaid taxes began to accrue a penalty and interest charge until paid. On July 1, 2006 after levy, delinquent taxes were turned over to the City's delinquent tax attorney for collection and/or filing of suit for collection. The City is prohibited from charging off real property taxes without specific statutory authority from the Texas Legislature.

9. Inventories

Inventories are valued at cost using the average cost method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

10. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used and reimbursements, are reported as transfers. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

11. Compensated Absences

Vested or accumulated vacation leave is reported as an expenditure and a fund liability of the governmental fund that will pay what has matured, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to permit employees to accumulate unused sick pay benefits. The City has a policy to pay a portion of unused sick pay benefits when employees separate from service. In the government wide financial

CITY OF HUNTSVILLE, TEXAS
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statements and proprietary fund types a liabilities are included in the statements.

12. Capital Assets

Capital Assets other than Streets and Drainage:

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and an expected useful life of over one year.

Interest incurred during the construction phase of capital assets of business-type activities is capitalized.

Depreciation of assets not following the modified approach is computed using the straight-line method on the composite assets based upon the estimated useful lives as follows:

Water Production and Distribution Systems	10-50 years
Wastewater Collection and Disposal Systems	10-50 years
Buildings and Improvements	25 years
Machinery, Tools, and Equipment	5-10 years
Automotive Equipment	5 years
Office Furniture and Equipment	3-5 years

13. Long-term Obligations

The portion of long-term general obligation debt used to finance proprietary fund operations and payable from the revenues of the Enterprise Funds is recorded in such funds. General obligation bonds and other forms of long-term debt supported by general revenues are obligations of the City as a whole and not its individual funds. Accordingly, such unmatured obligations of the City are accounted for on the statement of net assets and payments of principal and interest relating to the general obligation bonds are recorded as expenditures when they are paid in the fund statements. Self supporting general obligation debt, which will be repaid from non-general revenue sources is recorded in the appropriate proprietary fund.

14. Bond Issuance Costs

For Governmental Fund Types, bond premiums and discounts, as well as issuance costs, are recognized during the current period on the fund financial statements. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For Proprietary Fund Types and on the government-wide statements, premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

15. Nature and Purpose of Reservations and Designation of Fund Equity

In fund financial statements, governmental funds report reservations for amounts that are not available for appropriation or are legally restricted by outside parties for specific purpose.

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Fund balances and net assets are restricted and/or reserved for the following purposes:

Restrictions:

- Debt Service - tax funds reserved for retirement of general long-term debt.
- Capital Projects - funds identified for capital outlay including infrastructure and other capital projects.

Reservations:

- Encumbrances - funds reserved for payment of outstanding commitments related to unperformed contracts for goods or services, i.e. open purchase orders.
- Prepaid Items and Inventories - assets such as supplies and fuel that are unavailable for spending.
- Special Programs - funds relating to grants, hotel/motel tax, and other restricted sources.

B. Deposits and Investments

At year-end the carrying amount of the City's bank deposits was \$991,499 and the bank's balance was \$1,291,889. Of the bank balance, \$287,395 was covered by federal depository insurance and the balance of collateral was held by the bank's agent in the City's name.

There was no difference in the "Carrying Amount" and "Fair Value" of the City's investments at year end.

A reconciliation of cash and investments as shown on the Balance Sheet for the City follows:

Cash on hand	\$	2,800
Carrying amount of deposits		991,499
Carrying amount of investments		32,994,156
Total	\$	33,988,455
Cash and Cash Equivalents	\$	25,241,161
Cash and Cash Equivalents - restricted		8,747,294
Total	\$	33,988,455

The City invests in external investment pools with a credit rating of AAAM.

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Analysis of Specific Deposit and Investment Risks

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

CITY OF HUNTSVILLE, TEXAS
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FOR THE YEAR ENDED SEPTEMBER 30, 2007

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

C. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Not applicable	\$ Not applicable	

CITY OF HUNTSVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2007

D. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2007, consisted of the following:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Water Fund	\$ 49,804	Short-term loans
Water Fund	Special Revenue	26,072	Short-term loans
Water Fund	General Fund	812,057	Short-term loans
General Fund	Wastewater Fund	20,484	Short-term loans
General Fund	Oakwood Cemetary Fund	517	Short-term loans
Oakwood Cemetary Fund	Other Governmental Funds	3,503	Short-term loans
General Fund	Solid Waste Fund	21,284	Short-term loans
Special Revenue	Special Revenue	858	Short-term loans
Special Revenue	Special Revenue	1,903	Short-term loans
	Total	\$ 936,482	

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2007, consisted of the following:

Transfers From	Transfers To	Purpose	Amount
Water Fund	General Fund	Provide supplemental funding	\$ 49,323
Special Revenue Funds	General Fund	Provide supplemental funding	50,000
General Fund	Capital Projects	Provide supplemental funding	92,526
Street Fund	Capital Projects	Provide supplemental funding	57,500
Debt Service Fund	Internal Service Fund	Provide supplemental funding	94,024
Debt Service Fund	General Fund	Provide supplemental funding	152,620
Street Fund	General Fund	Provide supplemental funding	21,033
General Fund	Oakwood Cemetary Fund	Provide supplemental funding	100,558
General Fund	Special Revenue Funds	Provide supplemental funding	76,032
General Fund	Internal Service Fund	Provide supplemental funding	118,846
Water Fund	Capital Projects	Provide supplemental funding	90,384
Water Fund	Internal Service Fund	Provide supplemental funding	71,266
Wastewater Fund	Street Fund	Provide supplemental funding	222,334
Wastewater Fund	Internal Service Fund	Provide supplemental funding	71,266
Wastewater Fund	Capital Projects	Provide supplemental funding	65,035
Solid Waste Fund	Internal Service Fund	Provide supplemental funding	2,468
Solid Waste Fund	General Fund	Provide supplemental funding	6,287
Wastewater Fund	General Fund	Provide supplemental funding	28,306
Capital Projects	Special Revenue Funds	Provide supplemental funding	40,534
Endowment Fund	Oakwood Cemetary Fund	Provide supplemental funding	10,717
	Total		\$ 1,421,059

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

E. Capital Assets

Capital asset activity for the year ended September 30, 2007, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,766,832	\$ 41,210	\$ --	\$ 1,808,042
Construction in progress	1,111,125	1,281,852	2,370,657	22,320
Total capital assets not being depreciated	2,877,957	1,323,062	2,370,657	1,830,362
<i>Capital assets being depreciated:</i>				
Buildings and improvements	6,326,066	1,698,401	--	8,024,467
Machinery, furniture, and equipment	14,595,955	1,113,877	700,245	15,009,587
Improvements other than buildings	11,421,281	365,117	--	11,786,398
Infrastructure	33,323,822	133,964	--	33,457,786
Total capital assets being depreciated	65,667,124	3,311,359	700,245	68,278,238
Less accumulated depreciation for:				
Buildings and improvements	2,842,313	226,737	--	3,069,050
Machinery, furniture, and equipment	9,257,192	1,132,815	700,245	9,689,762
Improvements other than buildings	2,042,454	1,418,084	--	3,460,538
Infrastructure	20,884,611	--	--	20,884,611
Total accumulated depreciation	35,026,570	2,777,636	700,245	37,103,961
Total capital assets being depreciated, net	30,640,554	533,723	--	31,174,277
Governmental activities capital assets, net	\$ 33,518,511	\$ 1,856,785	\$ 2,370,657	\$ 33,004,639

Beginning balances have been adjusted for capital assets not previously included. A prior period adjustment was made and recorded in the amount of \$(814,366), which represents the net cost and accumulated depreciation of the City's streets.

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 782,324	\$ --	\$ --	\$ 782,324
Construction in progress	4,984,427	2,594,884	1,367,513	6,211,798
Total capital assets not being depreciated	5,766,751	2,594,884	1,367,513	6,994,122
<i>Capital assets being depreciated:</i>				
Buildings and improvements	1,651,624	--	--	1,651,624
Machinery, furniture, and equipment	983,111	62,057	--	1,045,168
Improvements other than buildings	398,950	--	--	398,950
Utility systems	63,322,645	1,354,680	29,124	64,648,201
Total capital assets being depreciated	66,356,330	1,416,737	29,124	67,743,943
Less accumulated depreciation for:				
Buildings and improvements	827,993	100,795	--	928,788
Machinery, furniture, and equipment	860,849	24,413	--	885,262
Improvements other than buildings	38,785	13,298	--	52,083
Utility systems	24,613,470	1,704,732	29,124	26,289,078
Total accumulated depreciation	26,341,097	1,843,238	29,124	28,155,211
Total capital assets being depreciated, net	40,015,233	(426,501)	--	39,588,732
Business-type activities capital assets, net	\$ 45,781,984	\$ 2,168,383	\$ 1,367,513	\$ 46,582,854

CITY OF HUNTSVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2007

Depreciation was charged to functions as follows:

Governmental activities:	
Charter offices	\$ 3,416
Administrative services	436,491
Finance	35,595
Public works	1,947,365
Community services	249,264
Public safety	105,506
Total Governmental activities depreciation	<u>\$ 2,777,637</u>
Business-type activities:	
Water Production and Distribution	\$ 418,255
Wastewater Collection and Treatment	1,352,543
Solid Waste Disposal and Collection	72,440
	<u>\$ 1,843,238</u>

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2007, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 4,611,764	\$ --	\$ 439,848	\$ 4,171,916	416,916
Certificates of obligations	13,760,000	--	380,000	13,380,000	425,000
Tax Note	845,000	--	125,000	720,000	130,000
Capital leases	1,038,929	--	266,440	772,489	277,350
Compensated absences *	1,016,516	750,691	603,429	1,163,778	360,771
Total governmental activities	<u>\$ 21,272,209</u>	<u>\$ 750,691</u>	<u>\$ 1,814,717</u>	<u>\$ 20,208,183</u>	<u>\$ 1,610,037</u>
<u>Business-type activities:</u>					
TRA Contract Revenue Bonds	\$ 14,455,000	\$ --	\$ 970,000	\$ 13,485,000	\$ 1,020,000
Revenue Bonds	15,105,000	--	990,000	14,115,000	1,035,000
General obligation bonds	393,236	--	205,152	188,084	103,084
Compensated absences *	282,805	79,918	70,516	292,207	93,133
Total business-type activities	<u>\$ 30,236,041</u>	<u>\$ 79,918</u>	<u>\$ 2,235,668</u>	<u>\$ 28,080,291</u>	<u>\$ 2,251,217</u>

* Other long-term liabilities

For governmental activities, claims and judgements and compensated absences are generally liquidated by the general fund.

Compensated absences	Governmental
Compensated absences	Business-type

CITY OF HUNTSVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2007

2. Debt Service Requirements

Debt service requirements on long-term debt (excluding compensated absences and capital leases) at year end are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2008	\$ 976,916	\$ 794,634	\$ 1,771,550
2009	1,040,000	753,443	1,793,443
2010	1,095,000	704,215	1,799,215
2011	1,150,000	654,236	1,804,236
2012	1,205,000	605,312	1,810,312
2013	1,090,000	558,647	1,648,647
2014	1,140,000	515,146	1,655,146
2015	1,195,000	463,202	1,658,202
2016	1,245,000	411,013	1,656,013
2017	1,315,000	355,449	1,670,449
Thereafter	6,820,000	1,816,060	8,636,060
Totals	\$ 18,271,916	\$ 7,631,357	\$ 25,903,273

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2008	\$ 2,158,084	\$ 1,402,470	\$ 3,560,554
2009	2,235,000	1,306,928	3,541,928
2010	2,255,000	1,205,791	3,460,791
2011	2,375,000	1,096,491	3,471,491
2012	2,500,000	981,241	3,481,241
2013	2,615,000	858,738	3,473,738
2014	2,350,000	729,260	3,079,260
2015	2,475,000	610,678	3,085,678
2016	2,615,000	484,487	3,099,487
2017	1,305,000	350,070	1,655,070
Thereafter	4,905,000	680,080	5,585,080
Totals	\$ 27,788,084	\$ 9,706,234	\$ 37,494,318

At September 30, 2007 there were no authorized, or unissued general obligation or revenue bonds, and the City is in compliance with all bond ordinances.

General Obligation Debt

A summary of Tax-Supported General Obligation Debt outstanding at September 30, 2007 follows:

Certificate Series 1998 issued on December 15, 1998, at an interest rate of 4.35 - 6.25% to finance the construction and acquisition of rights-of-way for arterial streets, due in installments of \$70,000 - \$905,000 for principal each August 15, beginning August 15, 2003 and interest payments due each February 15 and August 15, beginning February 15, 2001.

\$ 6,760,000

Certificate Series 2000 issued on December 21, 2000, at an interest rate of 5.2804% to finance the construction and acquisition of rights-of-way for arterial streets, due in installments of \$35,000 - \$460,000 for principal each August 15, beginning August 15, 2003 and interest payments due each February 15 and August 15, beginning February 15, 2001.

860,000

CITY OF HUNTSVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2007

Certificate Series 2001 issued on November 15, 2001, at an interest rate of 4.75-6.00% to finance the construction and related expenses of a new golf course, due in installments of \$75,000 - \$330,000 for principal each August 15, beginning August 15, 2004 and interest payments due each February 15 and August 15, beginning August 15, 2004

4,680,000

Certificate Series 2004 issued on March 15, 2004, at an interest rate of 2.50 - 4.40% to finance the construction and equipping of a new fire station, and improve existing facilities, due in installments of \$30,000 - \$165,000 for principal each February 15, beginning February 15, 2005 and interest payments due each February 15 and August 15, beginning February 15, 2005.

1,080,000

Portion of \$2,220,000 General Obligation Refunding Bonds, Series 2004, due in installments of \$61,631 - \$391,916, beginning February 15, 2005 and interest payments due each February and August 15, with an interest rate of 2.00% - 2.25%.

391,916

\$3,820,000 General Obligation Refunding Bonds, Series 2005 due in installments of \$15,000 to \$440,000 through 2020, interest rate of 3.52%

3,780,000

\$1,145,000 2005 Tax Notes, Series 2005, dated October 20, 2005 to finance the construction of an aquatic facility, due in annual installments of \$300,000-\$155,000 beginning March 15, 2006 with an interest rate of 3.00%-3.75%.

720,000

Subtotal Tax Supported General Obligation Debt \$ 18,271,916

A summary of Self-Supporting General Obligation Debt outstanding at September 30, 2007 follows:

Portion of \$2,220,000 General Obligation Refunding Bonds, Series 2004, due in installments of \$85,000 - \$303,369, beginning February 15, 2005 and interest payments due each February and August 15, with an interest rate of 2.00% - 2.25%.

188,084

Subtotal Self-Supporting General Obligation Debt 188,084

Total outstanding General Obligation Debt as of September 30, 2007 \$ 18,460,000

Revenue Debt

A summary of Revenue Debt outstanding at September 30, 2007 follows:

\$14,395,000 1997 Water and Wastewater System due in installments of \$475,000 to \$1,075,000 through 2016, interest rates from 2.75% to 4.55%

\$ 8,040,000

\$7,255,000 2002 Water and Wastewater System due in installments of \$80,000 to \$535,000 through 2022, interest rates from 4.50-5.00%

6,075,000

\$3,905,000 1996 TRA Contract Revenue Bonds due in installments of \$125,000 to \$300,000 through 2016, interest rates from 3.6-5.40%

2,220,000

\$3,120,000 1997 TRA Contract Revenue Bonds due in installments of \$90,000 to \$240,000 through 2018, interest rates from 4.70-5.30%

2,035,000

\$9,260,000 1999 TRA Contract Revenue Bonds due in installments of \$245,000 to \$785,000 through 2006, interest rates from 5.40-6.00%

7,195,000

\$3,125,000 2003 TRA Contract Revenue Bonds due in installments of \$240,000 to \$375,000 through 2013, interest rates from 3.50-4.75%

2,035,000

Total outstanding Revenue Debt as of September 30, 2007 \$ 27,600,000

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

3. Capital Leases

Commitments under capitalized lease agreements for equipment originally acquired under capital leases in the amount of \$1,865,651 provide for minimum future lease payments as of September 30, 2007, as follows:

<u>Year Ending September 30:</u>	
2008	\$ 307,821
2009	94,023
2010	94,024
2011	94,024
2012	94,024
2012-2014	188,044
Total Minimum Rentals	<u>\$ 871,960</u>

The effective interest rate on capital leases is 3.86% to 4.20%.

G. Joint Venture

Proprietary Funds: Pursuant to the agreement with Trinity River Authority (TRA) dated September 28, 1976, the City has endorsed Contract Revenue Bonds through TRA and is unconditionally obligated to pay, from the gross operating revenues of the City's waterworks, wastewater system, all debt service payments on these bonds; all operation and maintenance expenses of the facilities the bonds were used to build; and the amounts necessary to restore any deficiencies in funds required to be accumulated under the bond resolutions. As consideration for the aforementioned obligations, the City shall have an exclusive right to the use of the transmission and clear well storage facilities constructed. Upon the expiration of the contract, the City shall have the right to continued service for an additional period of fifty (50) years, or for such other time as may be agreed. In addition to funding provided by the sale of TRA bonds, the City acquired an Environmental Protection Agency Grant for \$4,417,500.

In accordance with GASB Statement 14, the equity interest in this joint venture is reported as an asset of the enterprise fund that participates. All profit on the operating transactions between TRA and the City's Water and Wastewater Funds have been eliminated. Since aggregating the contract bond reserve account and contract bonded indebtedness into the "net equity in joint venture" would be misleading, those two items have been separately stated. The City is solely liable for that debt even though the funds were used to build facilities owned and used by the joint venture. Additionally, the City's share of the net loss is reported as an operating expense since it actually represents the cost providing water and wastewater treatment, the integral function of these funds. Those costs are expected to be recovered through user fees.

The individual components of the asset account "investment in joint venture" are as follows:

	For the Year Ended September 30, 2007
Contract Water Facilities/Equipment	\$ 28,931,118
Allowance for Depreciation	(11,800,040)
Bond Issuance Costs	<u>285,047</u>
Total Investment in Joint Venture	<u>\$ 17,416,125</u>

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

The individual components of the operating expense "TRA Joint Venture" are:

	For the Year Ended September 30, 2007
Operating Expenses	\$ 2,041,697
Contract Bond Interest	722,175
Depreciation/Amortization Expense	602,220
Total operating expenses Joint Venture	\$ 3,366,092

Summarized financial information for this joint venture from TRA's most recent audited financial statements is as follows:

	For the Year Ended November 30, 2006
ASSETS	
Current Assets	\$ 581,609
Restricted Assets	1,058,718
Capital Assets (net of Accumulated Depreciation)	16,944,335
Deferred Charges	297,967
TOTAL ASSETS	\$ 18,882,629
LIABILITIES	
Current Liabilities	
Payable from Current Assets	\$ 23,087
Payable from Restricted Assets	922,702
Long-Term Debt	11,436,232
TOTAL LIABILITIES	\$ 12,382,021
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	\$ 5,131,069
Restricted for Debt Service	806,450
Unrestricted	563,089
TOTAL NET ASSETS	\$ 6,500,608

	For the Year Ended November 30, 2006
Operating Revenue	\$ 4,364,426
Operating Expenses Before Depreciation	2,668,114
Operating Income Before Depreciation	1,696,312
Depreciation Expense	720,116
Operating Income	976,196
Net Non-Operating Revenues/(Expenses)	(695,364)
Income before Transfers	280,832
Transfers, net	8,600
Net Assets - Beginning of Year	6,211,176
Net Assets - End of Year	\$ 6,500,608

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Financial Statements for this joint venture may be obtained at Trinity River Authority of Texas, P.O. Box 60, Arlington, Texas 76004-0060.

H. Raw Water Supply Contract

On August 24, 1976, the City of Huntsville entered into a contract with the Trinity River Authority of Texas to purchase from the Authority amounts of raw water impounded in the Livingston Reservoir. The City is obligated to pay an annual standby charge on or before the tenth of each April and October. Annual standby charges are calculated by multiplying the current annual average daily amount the Authority is obligated to sell by the Authority's rates for sale of raw water to municipalities. On April 22, 1998, the City contracted with the Authority for an addition 6.0 MGD for industrial purposes. On November 1, 2006, the City contracted for an additional amount bringing the total to 20.0 MGD that the Authority is obligated to sell.

Annual average daily amounts of raw water that the Authority is obligated to sell to the City is set forth in the following schedule:

	<u>Annual Average Daily Amounts</u>
2001 through 2020	20.0 MGD

I. Pension Plan

1. Plan Description

The City provides benefits for all of its full-time employees (employed more than thirty hours per week) through a nontraditional, joint contributory hybrid, defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 821 administered by TMRS, an agent multiple-employer public employee retirement system. Financial statements, as well as actuarial assumptions and valuations, for the plan are included in the TMRS Comprehensive Annual Financial Report each year, a copy of which can be obtained by writing P.O. Box 149153, Austin, Texas, 78714-9153.

2. Benefits

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, October 1, 1989, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee at a 5% contribution rate, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percentage of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at age 60 and above with 5 or more years of service, or with 20 years of service regardless of age. The plan also provides death and disability benefits. A member is vested after 5 years, but must leave their accumulated contribution in the plan. If members withdraw their own money, they are not entitled to the employer-financed monetary credits, even if they were vested. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

3. Contributions

The contribution rate for years beginning after January 1, 1997 for the employee is 7%, and the City's matching percentage is 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the City's contribution rate is annually determined by actuary. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City's matching percentage, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percentage of payroll necessary to satisfy the obligation of the City to each employee at the time his retirement becomes effective.

The prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan's 25 year amortization period. When the City periodically adopts updated service credits and increases its annuities in effect, the increased unfunded actuarial liability is to be amortized over a new 25 year period. The unit credit actuarial cost method is used for determining the City's contribution rate. Contributions are made monthly by both the employees and the City. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year lag between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2006, valuation is effective for rates beginning January 2008). The City has adopted the option for an annual repeating updated service credit.

The City's actuarial assumptions were as follows:

Actuarial Cost Method	--	Unit Credit
Amortization Method	--	Level Percent of Payroll
Remaining Amortization Period	--	25 Years - Open Period
Asset Valuation Method	--	Amortized Cost
Investment Rate of Return	--	7.0%
Projected Salary Increases	--	None
Included Inflation At	--	3.5%
Cost-of-Living Adjustments	--	None

4. Annual Pension Cost

The City's annual pension cost for the Plan for the years ending September 30, 2007, 2006 and 2005 was \$1,810,875 \$1,712,139 and \$1,655,323, respectively.

J. Risk Management

Medical Insurance Fund

Claims incurred but not reported have been estimated based on information available from the fund administrator and recorded as an account payable of the fund.

The total amount for service charges (to other funds) is computed based on an actuarial method which is adjusted annually. A stop loss insurance policy limits the City's liability on catastrophic claims. Effective October 1, 2002 the City's limit is increased from \$60,000 to \$75,000 per employee.

Changes in the balance of aggregate liabilities during the year are as follows:

	2007	2006
Aggregate Liabilities October 1	\$ 138,404	\$ 86,128
Incurred Liabilities	1,956,439	1,445,165
Paid Liabilities	(1,776,556)	(1,392,889)
Aggregate Liabilities September 30	\$ 318,287	\$ 138,404

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Public Entity Risk Pool

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. In order to properly address this risk, the City is a member of the Texas Municipal League Intergovernmental Risk Pool (TML), a public entity risk pool. The City pays an annual premium to TML. The agreement with TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of established amounts. The City's liability for any covered claims is limited to its annual deductible.

K. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In accordance with federal legislation passed in August 1996, the City amended its deferred compensation agreement, so that effective November 1996, the assets of the plan are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries, and the assets will be used for no other purpose. In no event will the City's liability to pay benefits to a participant under the plan exceed the value of the amounts credited to the participants account.

The City in previous years has reported this fund in the Trust and Agency Funds. As a result of the November 1996 legislative changes, this fund has been excluded from the Financial Reports. Activity by participants for the period October 1, 2006 through September 2007 is as follows:

	Balance 10/1/2006	Additions	Deletions	Balance 09/30/07
Investments	\$ 2,402,027	\$ 964,785	\$ 174,090	\$ 3,192,722

L. Commitments and Contingencies

1. Retired Employees' Medical Coverage

A retired employee may continue health plan coverage at the same cost that the City sets for regular employees or employee dependents if the retired employee retires with 80 or more points (age plus years of service). If an employee retires under the Texas Municipal Retirement System with more than 70 points, but less than 80, the retiree may purchase health plan benefits through the City's health plan to continue the health coverage for the retired employee, spouse, or dependent that they maintained at the time of the employee's retirement from the City.

For the year ended September 30, 2007, there were a total of 49 retirees in the City's health plan. Of these 49, twelve carried dependent coverage. The Medical Insurance Fund paid out approximately \$445,679 in claims for retirees and their dependents. The City paid into the Medical Insurance Fund approximately \$222,165 in premiums for the 49 retirees, and the retirees paid in \$77,704.

2. Other Commitments

On October 9, 2001, City Council approved the creation of the Raven Hills Higher Education Corporation (RHHEC), a nonprofit corporation, pursuant to Chapter 53 of the Texas Education Code. The corporation is organized solely and exclusively for the purpose of aiding nonprofit institutions of higher education and accredited primary and secondary schools in providing education and housing facilities and facilities which are incidental, subordinate, or related thereto or appropriate in connection therewith in accordance with and subject to the provisions of the Higher Education Authority Act (Chapter 53) (the "Act"). More specifically and although

CITY OF HUNTSVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2007

not so limited by its Articles of Incorporation or the Act, it is anticipated that RHHEC will primarily aid the institutions composing the Texas State University System. Those institutions are Sam Houston State University, Southwest Texas State University, Angelo State University, Sul Ross State University, Rio Grand College, Lamar University, Lamar Institute of Technology, Lamar State College - Orange, and Lamar State College - Port Arthur.

The Corporation has the authority to issue bonds for the purposes stated in the above paragraph, and in 2001, RHHEC issued three different sets of bonds: two were for the benefit of Southwest Texas State University and are referred to as San Marcos Hall and Bobcat Village; and one was for the benefit of Lamar University and is referred to as Cardinal Village. The San Marcos Hall issue was \$19,990,000 for Series 2001A and \$300,000 for Series 2001B; the Bobcat Village was \$43,830,000 for Series 2001A and \$230,000 for Series 2001B; and Cardinal Village was \$12,655,000 for Series 2001A and \$120,000 for Series 2001B.

In 2002 RHHEC issued four different sets of bonds: two were issued for the benefit of Lamar University and are referred to as Cardinal Village; one was for the benefit of Angelo State University and are referred to as Texan Hall; and one is for the benefit of Southwest Texas State and are referred to as San Marcos Hall. The Cardinal Village issues are \$14,985,000 Series 2002A and \$310,000 Taxable Series 2002B; \$20,655,000 for series 2003A and \$255,000 Taxable Series 2003B; The Texan Hall issues is \$18,310,000 for series 2002A and \$375,000 for Series 2002B; the San Marcos Hall issue is \$22,940,000 Series 2003A and \$320,000 Taxable Series 2003B.

3. Construction Commitments

The City has various construction projects as of September 30, 2007. The City's remaining commitment to contractors for all projects is \$847,865 at year end. Projects include wastewater line extensions and construction of a fire station.

4. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

M. Closure and Postclosure Care Cost

The City closed its landfill during the year ended September 30, 1994 and began transferring its solid waste to a privately operated landfill. The City has met certain deadline dates of the Environmental Protection Agency's Subtitle D landfill closure requirements and as such the City is exempt from any post-closure care and/or monitoring. Therefore, the City has not recorded any liability for post-closure care or monitoring. All closure costs are expensed as incurred. There were no landfill related expenses during the year ended September 30, 2007.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

CITY OF HUNTSVILLE, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Property taxes</i>	\$ 2,315,000	\$ 2,315,000	\$ 2,351,755	\$ 36,755
<i>Sales tax</i>	5,300,000	5,300,000	5,902,325	602,325
<i>Other taxes</i>	66,000	66,000	70,454	4,454
<i>Licenses and permits</i>	220,950	220,950	444,643	223,693
<i>Charges for sales and services</i>	246,487	246,487	279,509	33,022
<i>Fines, fees, and forfeitures</i>	854,250	854,250	847,073	(7,177)
<i>Donations, contributions, and grants</i>	110,240	57,623	51,975	(5,648)
<i>Investment income</i>	267,000	267,000	356,441	89,441
<i>Other</i>	367,080	383,711	436,172	52,461
<i>Administrative cost reimbursement</i>	4,653,361	4,653,361	4,653,361	--
Total Revenues	14,400,368	14,364,382	15,393,708	1,029,326
EXPENDITURES:				
<i>Charter office</i>	961,344	987,221	909,677	77,544
<i>Finance</i>	1,152,079	1,165,403	1,019,252	146,151
<i>Administrative services</i>	2,862,375	2,749,794	2,529,657	220,137
<i>Public works</i>	1,892,818	1,921,822	1,856,590	65,232
<i>Community services</i>	2,088,754	2,120,384	2,026,606	93,778
<i>Public safety</i>	4,971,890	5,017,482	4,806,259	211,223
Debt Service:				
<i>Principal Retirement</i>	125,000	125,000	125,000	--
<i>Interest and fiscal charges</i>	27,620	27,620	27,620	--
Total Expenditures	14,081,880	14,114,726	13,300,661	814,065
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	318,488	249,656	2,093,047	1,843,391
OTHER FINANCING SOURCES (USES)				
<i>Transfers in</i>	202,620	281,552	307,570	26,018
<i>Transfers out</i>	(345,646)	(387,232)	(387,963)	(731)
Total other financing sources (uses)	(143,026)	(105,680)	(80,393)	25,287
NET CHANGE IN FUND BALANCES	175,462	143,976	2,012,654	1,868,678
FUND BALANCE, Beginning of period	4,260,703	4,260,703	4,260,703	--
FUND BALANCE, End of period	\$ 4,436,165	\$ 4,404,679	\$ 6,273,357	\$ 1,868,678

CITY OF HUNTSVILLE, TEXAS
STREET SPECIAL REVENUE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Franchise fees</i>	\$ 2,358,561	\$ 2,358,561	\$ 2,157,839	\$ (200,722)
<i>Charges for sales and services</i>	38,000	38,000	68,187	30,187
<i>Investment income</i>	30,000	30,000	57,988	27,988
<i>Other</i>	--	--	3,079	3,079
Total Revenues	<u>2,426,561</u>	<u>2,426,561</u>	<u>2,287,093</u>	<u>(139,468)</u>
EXPENDITURES:				
<i>Public works</i>	2,425,285	2,635,251	2,524,019	111,232
Total Expenditures	<u>2,425,285</u>	<u>2,635,251</u>	<u>2,524,019</u>	<u>111,232</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,276</u>	<u>(208,690)</u>	<u>(236,926)</u>	<u>(28,236)</u>
OTHER FINANCING SOURCES (USES)				
<i>Transfers in</i>	--	--	222,334	222,334
<i>Transfers out</i>	(58,776)	(79,810)	(78,533)	1,277
Total other financing sources (uses)	<u>(58,776)</u>	<u>(79,810)</u>	<u>143,801</u>	<u>223,611</u>
NET CHANGE IN FUND BALANCES	<u>(57,500)</u>	<u>(288,500)</u>	<u>(93,125)</u>	<u>195,375</u>
FUND BALANCE, Beginning of period	<u>1,380,563</u>	<u>1,380,563</u>	<u>1,380,563</u>	<u>--</u>
FUND BALANCE, End of period	<u>\$ 1,323,063</u>	<u>\$ 1,092,063</u>	<u>\$ 1,287,438</u>	<u>\$ 195,375</u>

CITY OF HUNTSVILLE, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

TEXAS MUNICIPAL RETIREMENT SYSTEM

YEAR ENDED SEPTEMBER 30, 2007

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	
12/31/95	\$ 6,020,018	\$ 11,448,894	\$ 5,428,876	52.6%	\$ 6,645,505	81.69%	
12/31/96	7,486,917	14,716,980	7,230,063	50.9%	6,969,972	103.73%	
12/31/97	9,482,548	16,148,307	6,665,759	58.7%	7,371,413	90.43%	
12/31/98	11,840,882	19,146,847	7,305,965	61.8%	7,994,046	91.39%	
12/31/99	14,033,005	21,674,979	7,641,974	64.7%	8,002,647	95.49%	
12/31/00	15,957,208	23,848,886	7,891,678	66.9%	8,369,082	94.30%	
12/31/01	17,983,122	26,223,426	8,240,304	68.6%	8,849,367	93.12%	
12/31/02	20,172,871	29,786,372	9,613,501	67.7%	9,767,300	98.43%	
12/31/03	21,317,292	33,504,263	12,186,971	63.6%	8,753,684	139.22%	
12/31/04	23,461,827	35,599,317	12,137,490	65.9%	9,602,604	126.40%	
12/31/05	24,386,073	37,120,033	12,733,960	65.7%	9,655,475	131.88%	
12/31/06	25,314,524	38,560,912	13,246,388	65.6%	10,198,416	129.89%	
			2007	2006	2005	2004	2003
Net Pension Obligation (NPO) at the Beginning of Period			\$ --	\$ --	\$ --	\$ --	\$ --
Annual Pension Cost:							
Annual Required Contribution (ARC)			\$ 1,686,797	\$ 1,673,856	\$ 1,655,324	\$ 1,527,328	\$ 1,396,362
Interest on NPO			--	--	--	--	--
Adjustment to the ARC			--	--	--	--	--
Total Annual Pension Cost			\$ 1,686,797	\$ 1,673,856	\$ 1,655,324	\$ 1,527,328	\$ 1,396,362
Contributions Made			\$ (1,686,797)	\$ (1,673,856)	\$ (1,655,324)	\$ (1,527,328)	\$ (1,396,362)
Increase in NPO			--	--	--	--	--
NPO at the End of the Period			\$ --	\$ --	\$ --	\$ --	\$ --
Percentage of Annual Pension Cost			100%	100%	100%	100%	100%

*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

CITY OF HUNTSVILLE, TEXAS**COMBINING BALANCE SHEET****NONMAJOR GOVERNMENTAL FUNDS****SEPTEMBER 30, 2007**

	Special Revenue Funds	Debt Service Fund
ASSETS:		
<i>Cash and cash equivalents</i>	\$ 1,071,059	\$ 94,498
Accounts receivable:		
<i>Receivables (net of allowances for uncollectibles)</i>	2,660	--
<i>Property taxes</i>	--	186,598
<i>Grants</i>	9,291	--
<i>Other</i>	44,413	--
<i>Due from other funds</i>	858	--
<i>Inventories</i>	26,494	--
Total Assets	\$ 1,154,775	\$ 281,096
LIABILITIES:		
<i>Accounts payable</i>	\$ 25,712	\$ --
<i>Deferred revenue</i>	--	186,598
<i>Accrued liabilities</i>	10,209	--
<i>Due to other funds</i>	1,104	--
<i>Due to other governments</i>	16,430	--
Noncurrent Liabilities-		
<i>Due within one year</i>	76,769	--
Total Liabilities	130,224	186,598
FUND BALANCES:		
<i>Reserved for inventory</i>	26,494	--
<i>Reserved for debt service</i>	--	94,498
Unreserved, reported in:		
<i>Special revenue funds</i>	998,057	--
<i>Capital projects funds</i>	--	--
<i>Permanent funds</i>	--	--
Total Fund Balances	1,024,551	94,498
Total Liabilities and Fund Balance	\$ 1,154,775	\$ 281,096

Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
\$ 987,172	\$ 457,721	\$ 2,610,450
--	--	2,660
--	--	186,598
135,059	--	144,350
--	--	44,413
--	--	858
--	--	26,494
<u>\$ 1,122,231</u>	<u>\$ 457,721</u>	<u>\$ 3,015,823</u>
\$ 56,935	\$ --	\$ 82,647
--	--	186,598
--	--	10,209
--	3,503	4,607
--	--	16,430
--	--	76,769
<u>56,935</u>	<u>3,503</u>	<u>377,260</u>
--	--	26,494
--	--	94,498
--	--	998,057
1,065,296	--	1,065,296
--	454,218	454,218
<u>1,065,296</u>	<u>454,218</u>	<u>2,638,563</u>
<u>\$ 1,122,231</u>	<u>\$ 457,721</u>	<u>\$ 3,015,823</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Special Revenue Funds	Debt Service Fund
REVENUES:		
Property taxes	\$ 142	\$ 1,782,622
Other taxes	511,503	--
Charges for sales and services	288,545	--
Fines, fees, and forfeitures	42,327	--
Donations, contributions, and grants	174,688	--
Investment income	45,660	27,565
Other	--	--
Total Revenues	1,062,865	1,810,187
EXPENDITURES:		
Finance	61,391	--
Public works	4,682	--
Community services	550,321	--
Public safety	447,513	--
Debt Service:		
Principal Retirement	--	819,848
Interest and fiscal charges	--	801,723
Total Expenditures	1,063,907	1,621,571
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,042)	188,616
OTHER FINANCING SOURCES (USES)		
Transfers in	116,566	--
Transfers out	(50,000)	(246,644)
Total other financing sources (uses)	66,566	(246,644)
NET CHANGE IN FUND BALANCES	65,524	(58,028)
FUND BALANCE, Beginning of period	959,027	152,526
FUND BALANCE, End of period	\$ 1,024,551	\$ 94,498

Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
\$ --	\$ --	\$ 1,782,764
--	--	511,503
--	--	288,545
--	--	42,327
605,113	850	780,651
60,191	23,741	157,157
6,500	--	6,500
<u>671,804</u>	<u>24,591</u>	<u>3,569,447</u>
--	--	61,391
133,964	--	138,646
344,299	--	894,620
1,005,947	--	1,453,460
--	--	819,848
--	--	801,723
<u>1,484,210</u>	<u>--</u>	<u>4,169,688</u>
<u>(812,406)</u>	<u>24,591</u>	<u>(600,241)</u>
305,445	--	422,011
(40,534)	(10,717)	(347,895)
<u>264,911</u>	<u>(10,717)</u>	<u>74,116</u>
(547,495)	13,874	(526,125)
1,612,791	440,344	3,164,688
<u>\$ 1,065,296</u>	<u>\$ 454,218</u>	<u>\$ 2,638,563</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2007

	Municipal Court Security & Technology	Police Forfeiture Fund	Hotel Motel Tourism	Recreational
ASSETS:				
<i>Cash and cash equivalents</i>	\$ 148,834	\$ 45,585	\$ 393,191	\$ --
<i>Accounts receivable:</i>				
<i>Receivables (net of allowances for uncollectibles)</i>	--	--	610	--
<i>Grants</i>	--	--	--	--
<i>Other</i>	--	--	38,068	--
<i>Due from other funds</i>	--	--	--	--
<i>Inventories</i>	--	--	26,494	--
Total Assets	\$ 148,834	\$ 45,585	\$ 458,363	\$ --
LIABILITIES:				
<i>Accounts payable</i>	\$ --	\$ --	\$ 9,397	\$ --
<i>Accrued liabilities</i>	1,191	--	--	--
<i>Due to other funds</i>	189	--	--	--
<i>Due to other governments</i>	--	16,430	--	--
<i>Noncurrent Liabilities-</i>				
<i>Due within one year</i>	--	--	--	--
Total Liabilities	1,380	16,430	9,397	--
FUND BALANCES:				
<i>Reserved for inventory</i>	--	--	26,494	--
<i>Unreserved, reported in:</i>				
<i>Special revenue funds</i>	147,454	29,155	422,472	--
Total Fund Balances	147,454	29,155	448,966	--
Total Liabilities and Fund Balance	\$ 148,834	\$ 45,585	\$ 458,363	\$ --

Airport	Library	School Resource Officer	Police Grants	Arts Center
\$ 49,505	\$ 40,916	\$ 97,654	\$ 40,218	\$ 131,530
--	--	--	--	--
--	--	6,745	--	--
--	--	--	--	6,345
--	--	--	--	--
\$ 49,505	\$ 40,916	\$ 104,399	\$ 40,218	\$ 137,875
\$ 867	\$ --	\$ 1,617	\$ 2,512	\$ 11,319
--	--	9,018	--	--
--	--	915	--	--
--	--	--	--	--
--	--	--	--	--
867	--	11,550	2,512	11,319
--	--	--	--	--
48,638	40,916	92,849	37,706	126,556
48,638	40,916	92,849	37,706	126,556
\$ 49,505	\$ 40,916	\$ 104,399	\$ 40,218	\$ 137,875

CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2007

EXHIBIT C-3

Page 2 of 2

	Federal Grants Fund	Area Revitalization Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS:			
Cash and cash equivalents	\$ 18,027	\$ 105,599	\$ 1,071,059
Accounts receivable:			
Receivables (net of allowances for uncollectibles)	--	2,050	2,660
Grants	2,546	--	9,291
Other	--	--	44,413
Due from other funds	--	858	858
Inventories	--	--	26,494
Total Assets	\$ 20,573	\$ 108,507	\$ 1,154,775
LIABILITIES:			
Accounts payable	\$ --	\$ --	\$ 25,712
Accrued liabilities	--	--	10,209
Due to other funds	--	--	1,104
Due to other governments	--	--	16,430
Noncurrent Liabilities-			
Due within one year	--	76,769	76,769
Total Liabilities	--	76,769	130,224
FUND BALANCES:			
Reserved for inventory	--	--	26,494
Unreserved, reported in:			
Special revenue funds	20,573	31,738	998,057
Total Fund Balances	20,573	31,738	1,024,551
Total Liabilities and Fund Balance	\$ 20,573	\$ 108,507	\$ 1,154,775

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Municipal Court Security & Technology	Police Forfeiture Fund	Hotel Motel Tourism
REVENUES:			
Property taxes	\$ --	\$ --	\$ --
Other taxes	--	--	438,492
Charges for sales and services	--	--	30,074
Fines, fees, and forfeitures	34,076	--	--
Donations, contributions, and grants	--	--	1,950
Investment income	8,127	2,087	11,161
Total Revenues	42,203	2,087	481,677
EXPENDITURES:			
Finance	61,391	--	--
Public works	--	--	--
Community services	--	--	323,803
Public safety	--	6,100	--
Total Expenditures	61,391	6,100	323,803
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(19,188)	(4,013)	157,874
OTHER FINANCING SOURCES (USES)			
Transfers in	8,000	--	--
Transfers out	--	--	(50,000)
Total other financing sources (uses)	8,000	--	(50,000)
NET CHANGE IN FUND BALANCES	(11,188)	(4,013)	107,874
FUND BALANCE, Beginning of period	158,642	33,168	341,092
FUND BALANCE, End of period	\$ 147,454	\$ 29,155	\$ 448,966

Airport	Library	School Resource Officer	Police Grants	Arts Center
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	73,011
--	--	257,456	--	1,015
496	61	--	--	7,694
--	12,882	26,035	24,886	10,752
2,617	2,186	7,551	1,536	3,227
<u>3,113</u>	<u>15,129</u>	<u>291,042</u>	<u>26,422</u>	<u>95,699</u>
--	--	--	--	--
4,682	--	--	--	--
--	13,736	--	--	91,254
--	--	422,883	18,530	--
<u>4,682</u>	<u>13,736</u>	<u>422,883</u>	<u>18,530</u>	<u>91,254</u>
(1,569)	1,393	(131,841)	7,892	4,445
11,715	--	--	19,577	77,274
--	--	--	--	--
<u>11,715</u>	<u>--</u>	<u>--</u>	<u>19,577</u>	<u>77,274</u>
10,146	1,393	(131,841)	27,469	81,719
38,492	39,523	224,690	10,237	44,837
<u>\$ 48,638</u>	<u>\$ 40,916</u>	<u>\$ 92,849</u>	<u>\$ 37,706</u>	<u>\$ 126,556</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Federal Grants Fund	Area Revitalization Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
REVENUES:			
Property taxes	\$ --	\$ 142	\$ 142
Other taxes	--	--	511,503
Charges for sales and services	--	--	288,545
Fines, fees, and forfeitures	--	--	42,327
Donations, contributions, and grants	95,788	2,395	174,688
Investment income	1,585	5,583	45,660
Total Revenues	97,373	8,120	1,062,865
EXPENDITURES:			
Finance	--	--	61,391
Public works	--	--	4,682
Community services	121,528	--	550,321
Public safety	--	--	447,513
Total Expenditures	121,528	--	1,063,907
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(24,155)	8,120	(1,042)
OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	116,566
Transfers out	--	--	(50,000)
Total other financing sources (uses)	--	--	66,566
NET CHANGE IN FUND BALANCES	(24,155)	8,120	65,524
FUND BALANCE, Beginning of period	44,728	23,618	959,027
FUND BALANCE, End of period	\$ 20,573	\$ 31,738	\$ 1,024,551

CITY OF HUNTSVILLE, TEXAS

MUNICIPAL COURT SECURITY & TECHNOLOGY FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Fines, fees, and forfeitures</i>	\$ 35,000	\$ 35,000	\$ 34,076	\$ (924)
<i>Investment income</i>	--	--	8,127	8,127
Total Revenues	35,000	35,000	42,203	7,203
EXPENDITURES:				
<i>Finance</i>	61,298	66,938	61,391	5,547
Total Expenditures	61,298	66,938	61,391	5,547
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(26,298)	(31,938)	(19,188)	12,750
OTHER FINANCING SOURCES (USES)				
<i>Transfers in</i>	8,000	8,000	8,000	--
Total other financing sources (uses)	8,000	8,000	8,000	--
NET CHANGE IN FUND BALANCES	(18,298)	(23,938)	(11,188)	12,750
FUND BALANCE, Beginning of period	158,642	158,642	158,642	--
FUND BALANCE, End of period	\$ 140,344	\$ 134,704	\$ 147,454	\$ 12,750

CITY OF HUNTSVILLE, TEXAS
HOTEL MOTEL - TOURISM
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 380,000	\$ 380,000	\$ 438,492	\$ 58,492
Charges for sales and services	--	--	30,074	30,074
Donations, contributions, and grants	--	--	1,950	1,950
Investment income	2,300	2,300	11,161	8,861
Total Revenues	382,300	382,300	481,677	99,377
EXPENDITURES:				
Community services	353,636	353,636	323,803	29,833
Total Expenditures	353,636	353,636	323,803	29,833
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	28,664	28,664	157,874	129,210
OTHER FINANCING SOURCES (USES)				
Transfers out	(50,000)	(50,000)	(50,000)	--
Total other financing sources (uses)	(50,000)	(50,000)	(50,000)	--
NET CHANGE IN FUND BALANCES	(21,336)	(21,336)	107,874	129,210
FUND BALANCE, Beginning of period	341,092	341,092	341,092	--
FUND BALANCE, End of period	\$ 319,756	\$ 319,756	\$ 448,966	\$ 129,210

CITY OF HUNTSVILLE, TEXAS
AIRPORT FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Fines, fees, and forfeitures</i>	\$ 6,200	\$ 6,200	\$ 496	\$ (5,704)
<i>Investment income</i>	1,750	1,750	2,617	867
Total Revenues	7,950	7,950	3,113	(4,837)
EXPENDITURES:				
<i>Public works</i>	19,665	19,665	4,682	14,983
Total Expenditures	19,665	19,665	4,682	14,983
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,715)	(11,715)	(1,569)	10,146
OTHER FINANCING SOURCES (USES)				
<i>Transfers in</i>	11,715	11,715	11,715	--
Total other financing sources (uses)	11,715	11,715	11,715	--
NET CHANGE IN FUND BALANCES	--	--	10,146	10,146
FUND BALANCE, Beginning of period	38,492	38,492	38,492	--
FUND BALANCE End of period	\$ 38,492	\$ 38,492	\$ 48,638	\$ 10,146

CITY OF HUNTSVILLE, TEXAS
LIBRARY PROJECT FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Fines, fees, and forfeitures</i>	\$ --	\$ --	\$ 61	\$ 61
<i>Donations, contributions, and grants</i>	13,751	21,736	12,882	(8,854)
<i>Investment income</i>	1,200	1,200	2,186	986
Total Revenues	14,951	22,936	15,129	(7,807)
EXPENDITURES:				
<i>Community services</i>	17,901	25,936	13,736	12,200
Total Expenditures	17,901	25,936	13,736	12,200
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,950)	(3,000)	1,393	4,393
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	--	--	--	--
NET CHANGE IN FUND BALANCES	(2,950)	(3,000)	1,393	4,393
FUND BALANCE, Beginning of period	39,523	49,580	39,523	(10,057)
FUND BALANCE, End of period	\$ 36,573	\$ 46,580	\$ 40,916	\$ (5,664)

CITY OF HUNTSVILLE, TEXAS

POLICE DEPARTMENT SCHOOL RESOURCE OFFICER

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-9

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for sales and services	\$ 224,000	\$ 249,716	\$ 257,456	\$ 7,740
Donations, contributions, and grants	--	43,600	26,035	(17,565)
Investment income	11,000	11,000	7,551	(3,449)
Total Revenues	235,000	304,316	291,042	(13,274)
EXPENDITURES:				
Public safety	361,651	430,967	422,883	8,084
Total Expenditures	361,651	430,967	422,883	8,084
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(126,651)	(126,651)	(131,841)	(5,190)
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	--	--	--	--
NET CHANGE IN FUND BALANCES	(126,651)	(126,651)	(131,841)	(5,190)
FUND BALANCE, Beginning of period	224,690	224,690	224,690	--
FUND BALANCE, End of period	\$ 98,039	\$ 98,039	\$ 92,849	\$ (5,190)

CITY OF HUNTSVILLE, TEXAS
POLICE GRANTS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-10

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Donations, contributions, and grants</i>	\$ 157,982	\$ 156,482	\$ 24,886	\$ (131,596)
<i>Investment income</i>	--	--	1,536	1,536
Total Revenues	<u>157,982</u>	<u>156,482</u>	<u>26,422</u>	<u>(130,060)</u>
EXPENDITURES:				
<i>Public safety</i>	181,559	180,059	18,530	161,529
Total Expenditures	<u>181,559</u>	<u>180,059</u>	<u>18,530</u>	<u>161,529</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(23,577)</u>	<u>(23,577)</u>	<u>7,892</u>	<u>31,469</u>
OTHER FINANCING SOURCES (USES)				
<i>Transfers in</i>	19,577	19,577	19,577	--
Total other financing sources (uses)	<u>19,577</u>	<u>19,577</u>	<u>19,577</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	<u>(4,000)</u>	<u>(4,000)</u>	<u>27,469</u>	<u>31,469</u>
FUND BALANCE, Beginning of period	<u>10,237</u>	<u>10,237</u>	<u>10,237</u>	<u>--</u>
FUND BALANCE, End of period	<u>\$ 6,237</u>	<u>\$ 6,237</u>	<u>\$ 37,706</u>	<u>\$ 31,469</u>

CITY OF HUNTSVILLE, TEXAS
ARTS CENTER SRF
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-11

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Other taxes</i>	\$ 60,000	\$ 60,000	\$ 73,011	\$ 13,011
<i>Charges for sales and services</i>	--	--	1,015	1,015
<i>Fines, fees, and forfeitures</i>	--	--	7,694	7,694
<i>Donations, contributions, and grants</i>	--	975	10,752	9,777
<i>Investment income</i>	250	250	3,227	2,977
Total Revenues	60,250	61,225	95,699	34,474
EXPENDITURES:				
<i>Community services</i>	110,140	114,505	91,254	23,251
Total Expenditures	110,140	114,505	91,254	23,251
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(49,890)	(53,280)	4,445	57,725
OTHER FINANCING SOURCES (USES)				
<i>Transfers in</i>	83,740	87,130	77,274	(9,856)
Total other financing sources (uses)	83,740	87,130	77,274	(9,856)
NET CHANGE IN FUND BALANCES	33,850	33,850	81,719	47,869
FUND BALANCE, Beginning of period	44,837	44,837	44,837	--
FUND BALANCE, End of period	\$ 78,687	\$ 78,687	\$ 126,556	\$ 47,869

CITY OF HUNTSVILLE, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-12

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Property taxes</i>	\$ 1,779,000	\$ 1,779,000	\$ 1,782,622	\$ 3,622
<i>Investment income</i>	30,000	30,000	27,565	(2,435)
Total Revenues	<u>1,809,000</u>	<u>1,809,000</u>	<u>1,810,187</u>	<u>1,187</u>
EXPENDITURES:				
Debt Service:				
<i>Principal Retirement</i>	819,780	819,850	819,848	2
<i>Interest and fiscal charges</i>	801,722	801,722	801,723	(1)
Total Expenditures	<u>1,621,502</u>	<u>1,621,572</u>	<u>1,621,571</u>	<u>1</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>187,498</u>	<u>187,428</u>	<u>188,616</u>	<u>1,188</u>
OTHER FINANCING SOURCES (USES)				
<i>Transfers out</i>	(246,644)	(246,644)	(246,644)	--
Total other financing sources (uses)	<u>(246,644)</u>	<u>(246,644)</u>	<u>(246,644)</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(59,146)	(59,216)	(58,028)	1,188
FUND BALANCE, Beginning of period	152,526	152,526	152,526	--
FUND BALANCE, End of period	<u>\$ 93,380</u>	<u>\$ 93,310</u>	<u>\$ 94,498</u>	<u>\$ 1,188</u>

CITY OF HUNTSVILLE, TEXAS**COMBINING BALANCE SHEET****NONMAJOR CAPITAL PROJECTS FUNDS****SEPTEMBER 30, 2007**

	Street Capital Projects	General Capital Improvements	Swimming Pool
ASSETS:			
Cash and cash equivalents	\$ 48,643	\$ 460,503	\$ 303,616
Accounts receivable:			
Grants	--	135,059	--
Total Assets	\$ 48,643	\$ 595,562	\$ 303,616
LIABILITIES:			
Accounts payable	\$ --	\$ 47,399	\$ 9,536
Total Liabilities	--	47,399	9,536
FUND BALANCES:			
Unreserved, reported in:			
Capital projects funds	48,643	548,163	294,080
Total Fund Balances	48,643	548,163	294,080
Total Liabilities and Fund Balance	\$ 48,643	\$ 595,562	\$ 303,616

Wynne Home CIP	Fire Station West Side	Land Acquisition	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
\$ --	\$ 76,177	\$ 98,233	\$ 987,172
--	--	--	135,059
<u>\$ --</u>	<u>\$ 76,177</u>	<u>\$ 98,233</u>	<u>\$ 1,122,231</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 56,935</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>56,935</u>
<u>--</u>	<u>76,177</u>	<u>98,233</u>	<u>1,065,296</u>
<u>--</u>	<u>76,177</u>	<u>98,233</u>	<u>1,065,296</u>
<u>\$ --</u>	<u>\$ 76,177</u>	<u>\$ 98,233</u>	<u>\$ 1,122,231</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Street Capital Projects	General Capital Improvements	Swimming Pool
REVENUES:			
<i>Donations, contributions, and grants</i>	\$ 86,640	\$ 22,140	\$ 495,915
<i>Investment income</i>	1,821	29,123	1,178
<i>Other</i>	--	--	--
Total Revenues	88,461	51,263	497,093
EXPENDITURES:			
<i>Public works</i>	86,640	47,324	--
<i>Community services</i>	--	238,743	105,556
<i>Public safety</i>	--	--	--
Total Expenditures	86,640	286,067	105,556
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,821	(234,804)	391,537
OTHER FINANCING SOURCES (USES)			
<i>Transfers in</i>	--	292,445	--
<i>Transfers out</i>	--	--	--
Total other financing sources (uses)	--	292,445	--
NET CHANGE IN FUND BALANCES	1,821	57,641	391,537
FUND BALANCE, Beginning of period	46,822	490,522	(97,457)
FUND BALANCE, End of period	\$ 48,643	\$ 548,163	\$ 294,080

Wynne Home CIP	Fire Station West Side	Land Acquisition	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
\$ 418	\$ --	\$ --	\$ 605,113
1,147	22,504	4,418	60,191
--	--	6,500	6,500
1,565	22,504	10,918	671,804
--	--	--	133,964
--	--	--	344,299
--	1,005,947	--	1,005,947
--	1,005,947	--	1,484,210
1,565	(983,443)	10,918	(812,406)
--	--	13,000	305,445
(40,534)	--	--	(40,534)
(40,534)	--	13,000	264,911
(38,969)	(983,443)	23,918	(547,495)
38,969	1,059,620	74,315	1,612,791
\$ --	\$ 76,177	\$ 98,233	\$ 1,065,296

CITY OF HUNTSVILLE, TEXAS**COMBINING BALANCE SHEET****NONMAJOR PERMANENT FUNDS**

SEPTEMBER 30, 2007

	Library Endowment Nonexpendable Trust Fund	Oakwood Cemetery Endowment	Total Nonmajor Permanent Funds (See Exhibit C-1)
ASSETS:			
<i>Cash and cash equivalents</i>	\$ 100,807	\$ 356,914	\$ 457,721
Total Assets	\$ 100,807	\$ 356,914	\$ 457,721
LIABILITIES:			
<i>Due to other funds</i>	\$ --	\$ 3,503	\$ 3,503
Total Liabilities	--	3,503	3,503
FUND BALANCES:			
<i>Unreserved, reported in:</i>			
<i>Permanent funds</i>	100,807	353,411	454,218
Total Fund Balances	100,807	353,411	454,218
Total Liabilities and Fund Balance	\$ 100,807	\$ 356,914	\$ 457,721

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Library Endowment Nonexpendable Trust Fund	Oakwood Cemetery Endowment	Total Nonmajor Permanent Funds (See Exhibit C-2)
REVENUES:			
<i>Donations, contributions, and grants</i>	\$ --	\$ 850	\$ 850
<i>Investment income</i>	5,215	18,526	23,741
Total Revenues	5,215	19,376	24,591
EXPENDITURES:			
Total Expenditures	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,215	19,376	24,591
OTHER FINANCING SOURCES (USES)			
<i>Transfers out</i>	--	(10,717)	(10,717)
Total other financing sources (uses)	--	(10,717)	(10,717)
NET CHANGE IN FUND BALANCES	5,215	8,659	13,874
FUND BALANCE, Beginning of period	95,592	344,752	440,344
FUND BALANCE, End of period	\$ 100,807	\$ 353,411	\$ 454,218

CITY OF HUNTSVILLE, TEXAS

LIBRARY ENDOWMENT

PERMANENT FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-17

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 4,100	\$ 4,100	\$ 5,215	\$ 1,115
Total Revenues	4,100	4,100	5,215	1,115
EXPENDITURES:				
Total Expenditures	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,100	4,100	5,215	1,115
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	--	--	--	--
NET CHANGE IN FUND BALANCES	4,100	4,100	5,215	1,115
FUND BALANCE, Beginning of period	95,592	95,592	95,592	--
FUND BALANCE, End of period	\$ 99,692	\$ 99,692	\$ 100,807	\$ 1,115

CITY OF HUNTSVILLE, TEXAS

OAKWOOD CEMETERY ENDOWMENT

PERMANENT FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-18

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Donations, contributions, and grants</i>	\$ --	\$ --	\$ 850	\$ 850
<i>Investment income</i>	11,000	11,000	18,526	7,526
Total Revenues	11,000	11,000	19,376	8,376
EXPENDITURES:				
Total Expenditures	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	11,000	11,000	19,376	8,376
OTHER FINANCING SOURCES (USES)				
<i>Transfers out</i>	(11,000)	(11,000)	(10,717)	283
Total other financing sources (uses)	(11,000)	(11,000)	(10,717)	283
NET CHANGE IN FUND BALANCES	--	--	8,659	8,659
FUND BALANCE, Beginning of period	344,752	344,752	344,752	--
FUND BALANCE, End of period	\$ 344,752	\$ 344,752	\$ 353,411	\$ 8,659

CITY OF HUNTSVILLE, TEXAS
WATER FUND
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-19

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Service Charges:				
<i>Water sales</i>	\$ 9,804,416	\$ 9,804,416	\$ 9,522,155	\$ (282,261)
<i>Inter-department sales and services</i>	311,619	311,619	311,619	--
Total service charges	10,116,035	10,116,035	9,833,774	(282,261)
Service Fees and Miscellaneous:				
<i>Tap and connection fees</i>	93,000	93,000	135,057	42,057
<i>Customer penalties and miscellaneous</i>	105,000	105,000	72,452	(32,548)
<i>Grants and contributions</i>	--	--	138,024	138,024
Total service fees and miscellaneous	198,000	198,000	345,533	147,533
Total Operating Revenues	10,314,035	10,314,035	10,179,307	(134,728)
OPERATING EXPENSES:				
<i>Administration</i>	2,939,057	2,770,380	2,732,315	38,065
<i>Water production and distribution</i>	1,908,113	1,900,808	1,618,398	282,410
<i>TRA joint venture</i>	2,872,406	3,017,700	3,366,092	(348,392)
<i>Utility billing/customer service</i>	626,238	602,292	568,875	33,417
<i>Depreciation expense</i>	--	--	418,255	(418,255)
Total Expenditures	8,345,814	8,291,180	8,703,935	(412,755)
OPERATING INCOME (LOSS)	1,968,221	2,022,855	1,475,372	(547,483)
NONOPERATING REVENUES (EXPENSES):				
<i>Interest income</i>	220,000	220,000	443,814	223,814
<i>Interest expense</i>	(723,068)	(733,688)	(714,843)	18,845
Total Non-operating Revenues (Expenses)	(503,068)	(513,688)	(271,029)	242,659
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	1,465,153	1,509,167	1,204,343	(304,824)
CONTRIBUTIONS AND TRANSFERS :				
<i>Transfers out</i>	(1,548,741)	(1,598,065)	(210,973)	1,387,092
Total Contributions and Transfers	(1,548,741)	(1,598,065)	(210,973)	1,387,092
CHANGE IN NET ASSETS	(83,588)	(88,898)	993,370	1,082,268
TOTAL NET ASSETS - beginning	27,370,925	27,370,925	27,370,925	--
TOTAL NET ASSETS - end	\$ 27,287,337	\$ 27,282,027	\$ 28,364,295	\$ 1,082,268

CITY OF HUNTSVILLE, TEXAS
WASTEWATER FUND
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-20

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Service Charges:				
Wastewater sales and services	\$ 7,375,000	\$ 7,375,000	\$ 8,075,460	\$ 700,460
Inter-department sales and services	55,208	55,208	55,208	--
Total service charges	7,430,208	7,430,208	8,130,668	700,460
Service Fees and Miscellaneous:				
Tap and connection fees	57,000	57,000	56,643	(357)
Customer penalties and miscellaneous	355,000	355,000	71,058	(283,942)
Grants and contributions	--	--	217,782	217,782
Total service fees and miscellaneous	412,000	412,000	345,483	(66,517)
Total Operating Revenues	7,842,208	7,842,208	8,476,151	633,943
OPERATING EXPENSES:				
Administration	2,224,167	2,200,746	2,196,706	4,040
Wastewater collection and treatment	5,204,892	5,207,875	2,300,582	2,907,293
Lab/compliance	220,834	235,378	232,910	2,468
Depreciation expense	--	--	1,352,543	(1,352,543)
Total Expenditures	7,649,893	7,643,999	6,082,741	1,561,258
OPERATING INCOME (LOSS)	192,315	198,209	2,393,410	2,195,201
NONOPERATING REVENUES (EXPENSES):				
Interest income	228,500	228,500	530,674	302,174
Interest expense	(780,606)	(784,500)	(782,809)	1,691
Total Non-operating Revenues (Expenses)	(552,106)	(556,000)	(252,135)	303,865
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	(359,791)	(357,791)	2,141,275	2,499,066
CONTRIBUTIONS AND TRANSFERS :				
Transfers out	--	--	(386,941)	(386,941)
Total Contributions and Transfers	--	--	(386,941)	(386,941)
CHANGE IN NET ASSETS	(359,791)	(357,791)	1,754,334	2,112,125
TOTAL NET ASSETS - beginning	26,754,250	26,754,250	26,754,250	--
TOTAL NET ASSETS - end	\$ 26,394,459	\$ 26,396,459	\$ 28,508,584	\$ 2,112,125

CITY OF HUNTSVILLE, TEXAS

SOLID WASTE FUND

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-21

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Service Charges:				
Solid waste fees - residential and commercial	\$ 2,955,000	\$ 2,955,000	\$ 3,052,051	\$ 97,051
Solid waste fees - disposal	675,000	675,000	723,040	48,040
Total service charges	3,630,000	3,630,000	3,775,091	145,091
Service Fees and Miscellaneous:				
Customer penalties and miscellaneous	75,000	75,000	70,299	(4,701)
Total service fees and miscellaneous	75,000	75,000	70,299	(4,701)
Total Operating Revenues	3,705,000	3,705,000	3,845,390	140,390
OPERATING EXPENSES:				
Administration	864,555	866,489	788,305	78,184
Solid waste collection and disposal	2,790,818	2,820,745	2,790,078	30,667
Depreciation expense	--	--	72,440	(72,440)
Total Expenditures	3,655,373	3,687,234	3,650,823	36,411
OPERATING INCOME (LOSS)	49,627	17,766	194,567	176,801
NONOPERATING REVENUES (EXPENSES):				
Interest income	55,800	55,800	96,341	40,541
Interest expense	(2,992)	(2,992)	(2,746)	246
Total Non-operating Revenues (Expenses)	52,808	52,808	93,595	40,787
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	102,435	70,574	288,162	217,588
CONTRIBUTIONS AND TRANSFERS :				
Transfers in	3,435	3,435	3,435	--
Transfers out	--	(7,254)	(7,254)	--
Total Contributions and Transfers	3,435	(3,819)	(3,819)	--
CHANGE IN NET ASSETS	105,870	66,755	284,343	217,588
TOTAL NET ASSETS - beginning	1,904,160	1,904,160	1,904,160	--
TOTAL NET ASSETS - end	\$ 2,010,030	\$ 1,970,915	\$ 2,188,503	\$ 217,588

CITY OF HUNTSVILLE, TEXAS
OAKWOOD CEMETERY - OPERATING FUND
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-22

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Service Charges:				
<i>Cemetery operations</i>	\$ 15,000	\$ 15,000	\$ 23,930	\$ 8,930
Total service charges	15,000	15,000	23,930	8,930
Service Fees and Miscellaneous:				
<i>Grants and contributions</i>	--	--	1,400	1,400
Total service fees and miscellaneous	--	--	1,400	1,400
Total Operating Revenues	15,000	15,000	25,330	10,330
OPERATING EXPENSES:				
<i>Administration</i>	1,334	--	--	--
<i>Cemetery operations</i>	125,674	127,008	104,349	22,659
Total Expenditures	127,008	127,008	104,349	22,659
OPERATING INCOME (LOSS)	(112,008)	(112,008)	(79,019)	32,989
NONOPERATING REVENUES (EXPENSES):				
<i>Interest income</i>	450	450	3,938	3,488
Total Non-operating Revenues (Expenses)	450	450	3,938	3,488
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	(111,558)	(111,558)	(75,081)	36,477
CONTRIBUTIONS AND TRANSFERS :				
<i>Transfers in</i>	111,558	111,558	111,275	(283)
Total Contributions and Transfers	111,558	111,558	111,275	(283)
CHANGE IN NET ASSETS	--	--	36,194	36,194
TOTAL NET ASSETS - beginning	4,032	4,032	4,032	--
TOTAL NET ASSETS - end	\$ 4,032	\$ 4,032	\$ 40,226	\$ 36,194

CITY OF HUNTSVILLE, TEXAS
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2007

	Medical Insurance Fund	Equipment Replacement Fund	Computer Replacement Fund	Total Internal Service Funds (See Exhibit A-7)
ASSETS:				
Current Assets:				
<i>Cash and cash equivalents</i>	\$ 554,299	\$ 766,618	\$ 62,804	\$ 1,383,721
Total Current Assets	<u>554,299</u>	<u>766,618</u>	<u>62,804</u>	<u>1,383,721</u>
Noncurrent Assets				
<i>Capital assets (net of accumulated depreciation)</i>	--	2,309,262	866,793	3,176,055
Total Noncurrent Assets	<u>--</u>	<u>2,309,262</u>	<u>866,793</u>	<u>3,176,055</u>
Total Assets	<u>\$ 554,299</u>	<u>\$ 3,075,880</u>	<u>\$ 929,597</u>	<u>\$ 4,559,776</u>
LIABILITIES:				
Current Liabilities:				
<i>Accounts payable</i>	\$ 318,287	\$ 38,622	\$ 5,554	\$ 362,463
<i>Accrued interest</i>	--	15,177	7,517	22,694
<i>Noncurrent liabilities due within one year</i>	--	72,127	205,223	277,350
Total Current Liabilities	<u>318,287</u>	<u>125,926</u>	<u>218,294</u>	<u>662,507</u>
Noncurrent Liabilities-				
<i>Due in more than one year</i>	--	495,140	--	495,140
Total Noncurrent Liabilities	<u>--</u>	<u>495,140</u>	<u>--</u>	<u>495,140</u>
Total Liabilities	<u>318,287</u>	<u>621,066</u>	<u>218,294</u>	<u>1,157,647</u>
NET ASSETS:				
<i>Invested in capital assets, net of related debt</i>	--	1,741,995	661,570	2,403,565
<i>Unrestricted</i>	236,012	712,819	49,733	998,564
Total Net Assets	<u>236,012</u>	<u>2,454,814</u>	<u>711,303</u>	<u>3,402,129</u>
Total Liabilities and Net Assets	<u>\$ 554,299</u>	<u>\$ 3,075,880</u>	<u>\$ 929,597</u>	<u>\$ 4,559,776</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Medical Insurance Fund	Equipment Replacement Fund	Computer Replacement Fund	Total Internal Service Funds (See Exhibit A-8)
OPERATING REVENUES:				
Service Charges:				
Inter-department sales and services	\$ 2,404,985	\$ 509,844	\$ 99,859	\$ 3,014,688
Total service charges	2,404,985	509,844	99,859	3,014,688
Service Fees and Miscellaneous:				
Customer penalties and miscellaneous	--	109,715	--	109,715
Grants and contributions	--	175,287	--	175,287
Total service fees and miscellaneous	--	285,002	--	285,002
Total Operating Revenues	2,404,985	794,846	99,859	3,299,690
OPERATING EXPENSES:				
Administration	2,509,065	--	--	2,509,065
Equipment replacement	--	--	83,092	83,092
Depreciation expense	--	804,631	140,680	945,311
Total Expenditures	2,509,065	804,631	223,772	3,537,468
OPERATING INCOME (LOSS)	(104,080)	(9,785)	(123,913)	(237,778)
NONOPERATING REVENUES (EXPENSES):				
Interest income	35,970	39,672	3,105	78,747
Interest expense	--	(22,652)	(8,211)	(30,863)
Total Non-operating Revenues (Expenses)	35,970	17,020	(5,106)	47,884
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFER	(68,110)	7,235	(129,019)	(189,894)
CONTRIBUTIONS AND TRANSFERS :				
Transfers in	--	183,807	172,562	356,369
Transfers out	--	(3,435)	--	(3,435)
Total Contributions and Transfers	--	180,372	172,562	352,934
CHANGE IN NET ASSETS	(68,110)	187,607	43,543	163,040
TOTAL NET ASSETS - beginning	304,122	2,267,207	667,760	3,239,089
TOTAL NET ASSETS - end	\$ 236,012	\$ 2,454,814	\$ 711,303	\$ 3,402,129

CITY OF HUNTSVILLE, TEXAS
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Medical Insurance Fund	Equipment Replacement Fund	Computer Replacement Fund	Total Internal Service Funds (See Exhibit A-11)
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ --	\$ 160,875	\$ --	\$ 160,875
Cash Received from Grants	--	175,287	--	175,287
Interfund Services Provided and Used	2,404,985	509,844	99,859	3,014,688
Cash Payments to Employees	--	--	--	--
Cash Payments to Suppliers for Goods and Services	(2,329,181)	--	(77,538)	(2,406,719)
Cash Payments for TRA Joint Venture	--	--	--	--
Net Cash Provided (Used) by Operating Activities	75,804	846,006	22,321	944,131
Cash Flows from Non-capital Financing Activities:				
Transfers From (To) Other Funds	--	180,372	172,562	352,934
Net Cash Provided (Used) by Non-capital Financing Activities	--	180,372	172,562	352,934
Cash Flows from Capital and Related Financing Activities:				
Principal and Interest Paid	--	(94,025)	(213,798)	(307,823)
Acquisition or Construction of Capital Assets	--	(1,016,463)	(43,966)	(1,060,429)
Proceeds from Sale of Capital Assets	--	--	--	--
Net Cash Provided (Used) for Capital and Related Financing Activities	--	(1,110,488)	(257,764)	(1,368,252)
Cash Flows from Investing Activities:				
Interest and Dividends on Investments	35,970	39,672	3,105	78,747
Net Cash Provided (Used) for Investing Activities	35,970	39,672	3,105	78,747
Net Increase (Decrease) in Cash and Cash Equivalents	111,774	(44,438)	(59,776)	7,560
Cash and Cash Equivalents at Beginning of Year	442,525	811,056	122,580	1,376,161
Cash and Cash Equivalents at End of Year	\$ 554,299	\$ 766,618	\$ 62,804	\$ 1,383,721
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ (104,080)	\$ (9,785)	\$ (123,913)	\$ (237,778)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	--	804,631	140,680	945,311
Amortization	--	--	--	--
Change in Assets and Liabilities:				
Decrease (Increase) in Receivables	--	51,160	--	51,160
Decrease (Increase) in Inventories	--	--	--	--
Decrease (Increase) in Joint Venture	--	--	--	--
Increase (Decrease) in Accounts Payable	179,884	--	5,554	185,438
Increase (Decrease) in Customer Deposits	--	--	--	--
Increase (Decrease) in Compensated Absences	--	--	--	--
Increase (Decrease) in Interfund Payables	--	--	--	--
Increase (Decrease) in Due to Other Governments	--	--	--	--
Increase (Decrease) in Accrued Expenses	--	--	--	--
Total Adjustments	179,884	855,791	146,234	1,181,909
Net Cash Provided (Used) by Operating Activities	\$ 75,804	\$ 846,006	\$ 22,321	\$ 944,131

CITY OF HUNTSVILLE, TEXAS
MEDICAL INSURANCE
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-26

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Service Charges:				
<i>Inter-department sales and services</i>	\$ 2,405,427	\$ 2,405,427	\$ 2,404,985	\$ (442)
Total service charges	2,405,427	2,405,427	2,404,985	(442)
Service Fees and Miscellaneous:				
Total Operating Revenues	2,405,427	2,405,427	2,404,985	(442)
OPERATING EXPENSES:				
<i>Administration</i>	2,622,740	2,622,740	2,509,065	113,675
Total Expenditures	2,622,740	2,622,740	2,509,065	113,675
OPERATING INCOME (LOSS)	(217,313)	(217,313)	(104,080)	113,233
NONOPERATING REVENUES (EXPENSES):				
<i>Interest income</i>	24,000	24,000	35,970	11,970
Total Non-operating Revenues (Expenses)	24,000	24,000	35,970	11,970
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	(193,313)	(193,313)	(68,110)	125,203
CONTRIBUTIONS AND TRANSFERS :				
CHANGE IN NET ASSETS	(193,313)	(193,313)	(68,110)	125,203
TOTAL NET ASSETS - beginning	304,122	304,122	304,122	--
TOTAL NET ASSETS - end	\$ 110,809	\$ 110,809	\$ 236,012	\$ 125,203

CITY OF HUNTSVILLE, TEXAS
CAPITAL EQUIPMENT
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-27

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Service Charges:				
<i>Inter-department sales and services</i>	\$ 500,845	\$ 509,845	\$ 509,844	\$ (1)
Total service charges	500,845	509,845	509,844	(1)
Service Fees and Miscellaneous:				
<i>Customer penalties and miscellaneous</i>	--	--	109,715	109,715
<i>Grants and contributions</i>	175,288	175,288	175,287	(1)
Total service fees and miscellaneous	175,288	175,288	285,002	109,714
Total Operating Revenues	676,133	685,133	794,846	109,713
OPERATING EXPENSES:				
<i>Equipment replacement</i>	773,588	975,709	--	975,709
<i>Principal payments</i>	69,447	69,447	--	69,447
<i>Depreciation expense</i>	--	--	804,631	(804,631)
Total Expenditures	843,035	1,045,156	804,631	240,525
OPERATING INCOME (LOSS)	(166,902)	(360,023)	(9,785)	350,238
NONOPERATING REVENUES (EXPENSES):				
<i>Interest income</i>	7,600	7,600	39,672	32,072
<i>Interest expense</i>	(24,577)	(24,577)	(22,652)	1,925
Total Non-operating Revenues (Expenses)	(16,977)	(16,977)	17,020	33,997
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	(183,879)	(377,000)	7,235	384,235
CONTRIBUTIONS AND TRANSFERS :				
<i>Transfers in</i>	171,284	183,807	183,807	--
<i>Transfers out</i>	--	(3,435)	(3,435)	--
Total Contributions and Transfers	171,284	180,372	180,372	--
CHANGE IN NET ASSETS	(12,595)	(196,628)	187,607	384,235
TOTAL NET ASSETS - beginning	2,267,207	2,267,207	2,267,207	--
TOTAL NET ASSETS - end	\$ 2,254,612	\$ 2,070,579	\$ 2,454,814	\$ 384,235

CITY OF HUNTSVILLE, TEXAS
COMPUTER EQUIPMENT REPLACEMENT
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-28

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Service Charges:				
<i>Inter-department sales and services</i>	\$ 99,859	\$ 99,859	\$ 99,859	\$ --
Total service charges	99,859	99,859	99,859	--
Total Operating Revenues	99,859	99,859	99,859	--
OPERATING EXPENSES:				
<i>Equipment replacement</i>	99,858	129,888	83,092	46,796
<i>Principal payments</i>	196,993	196,993	--	196,993
<i>Depreciation expense</i>	--	--	140,680	(140,680)
Total Expenditures	296,851	326,881	223,772	103,109
OPERATING INCOME (LOSS)	(196,992)	(227,022)	(123,913)	103,109
NONOPERATING REVENUES (EXPENSES):				
<i>Interest income</i>	7,600	7,600	3,105	(4,495)
<i>Interest expense</i>	(16,804)	(16,804)	(8,211)	8,593
Total Non-operating Revenues (Expenses)	(9,204)	(9,204)	(5,106)	4,098
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	(206,196)	(236,226)	(129,019)	107,207
CONTRIBUTIONS AND TRANSFERS :				
<i>Transfers in</i>	142,532	172,562	172,562	--
Total Contributions and Transfers	142,532	172,562	172,562	--
CHANGE IN NET ASSETS	(63,664)	(63,664)	43,543	107,207
TOTAL NET ASSETS - beginning	667,760	667,760	667,760	--
TOTAL NET ASSETS - end	\$ 604,096	\$ 604,096	\$ 711,303	\$ 107,207

CITY OF HUNTSVILLE, TEXAS**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES****AGENCY FUNDS**

SEPTEMBER 30, 2007

	Employee Assistance Trust Fund	Scholarship Trust Fund	Total Agency Funds (See Exhibit A-10)
ASSETS:			
<i>Cash and cash equivalents</i>	\$ 7,523	\$ 3,564	\$ 11,087
Total Assets	<u>\$ 7,523</u>	<u>\$ 3,564</u>	<u>\$ 11,087</u>
LIABILITIES:			
<i>Accounts payable</i>	\$ 7,523	\$ 3,564	\$ 11,087
Total Liabilities	<u>7,523</u>	<u>3,564</u>	<u>11,087</u>
Total Fund Balances	--	--	--
Total Liabilities and Fund Balance	<u>\$ 7,523</u>	<u>\$ 3,564</u>	<u>\$ 11,087</u>

CITY OF HUNTSVILLE, TEXAS

EXHIBIT C-30

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

YEAR ENDED SEPTEMBER 30, 2007

	Balance October 1, 2006	Additions	Deductions	Balance September 30, 2007
Employee Assistance Trust Fund				
ASSETS				
<i>Cash & Investments</i>	\$ 6,044	\$ 1,979	\$ 500	\$ 7,523
Total Assets	<u>\$ 6,044</u>	<u>\$ 1,979</u>	<u>\$ 500</u>	<u>\$ 7,523</u>
LIABILITIES				
<i>Accounts Payable</i>	\$ 6,044	\$ 1,979	\$ 500	\$ 7,523
Total Liabilities	<u>\$ 6,044</u>	<u>\$ 1,979</u>	<u>\$ 500</u>	<u>\$ 7,523</u>
Scholarship Trust Fund				
ASSETS				
<i>Cash & Investments</i>	\$ 3,856	\$ 4,481	\$ 4,773	\$ 3,564
Total Assets	<u>\$ 3,856</u>	<u>\$ 4,481</u>	<u>\$ 4,773</u>	<u>\$ 3,564</u>
LIABILITIES				
<i>Accounts Payable</i>	\$ 3,856	\$ 4,481	\$ 4,773	\$ 3,564
Total Liabilities	<u>\$ 3,856</u>	<u>\$ 4,481</u>	<u>\$ 4,773</u>	<u>\$ 3,564</u>
TOTAL AGENCY FUNDS:				
ASSETS				
<i>Cash & Investments</i>	\$ 9,900	\$ 6,460	\$ 5,273	\$ 11,087
Total Assets	<u>\$ 9,900</u>	<u>\$ 6,460</u>	<u>\$ 5,273</u>	<u>\$ 11,087</u>
LIABILITIES				
<i>Accounts Payable</i>	\$ 9,900	\$ 6,460	\$ 5,273	\$ 11,087
Total Liabilities	<u>\$ 9,900</u>	<u>\$ 6,460</u>	<u>\$ 5,273</u>	<u>\$ 11,087</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

Kenneth C. Davis & Company

A Professional Corporation

Certified Public Accountants

1300 11TH STREET, SUITE 400

P.O. BOX 6308

HUNTSVILLE, TEXAS 77342

PHONE (936) 291-3020

FAX (936) 291-9607

Independent Auditor's Report

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

City Council
City of Huntsville, Texas
1212 Avenue M
Huntsville, Texas 77340-4608

Members of the City Council:

We have audited the basic and combining financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Huntsville, Texas as of and for the year ended September 30, 2007, which collectively comprise the City of Huntsville, Texas' basic financial statements and have issued our report thereon dated January 29, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Huntsville, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City of Huntsville, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Huntsville, Texas' internal control over financial reporting. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Huntsville, Texas' ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Huntsville, Texas' financial statements that is more than inconsequential will not be prevented by the City of Huntsville, Texas' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Huntsville, Texas' internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Huntsville, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kenneth C. Davis', is written over a horizontal line.

Kenneth C. Davis & Company, P.C.

January 29, 2008

Kenneth C. Davis & Company

A Professional Corporation

Certified Public Accountants

1300 11TH STREET, SUITE 400

P.O. BOX 6308

HUNTSVILLE, TEXAS 77342

PHONE (936) 291-3020

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Independent Auditor's Report

Report on Compliance with Requirements Applicable
To each Major Program and Internal Control over Compliance
In Accordance With OMB Circular A-133

City Council
City of Huntsville, Texas
1212 Avenue M
Huntsville, Texas 77340-4608

Members of the City Council:

Compliance

We have audited the compliance of City of Huntsville, Texas with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2007. City of Huntsville, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Huntsville, Texas' management. Our responsibility is to express an opinion on City of Huntsville, Texas' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Huntsville, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Huntsville, Texas' compliance with those requirements.

In our opinion, City of Huntsville, Texas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007.

Internal Control Over Compliance

The management of City of Huntsville, Texas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Huntsville, Texas' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Huntsville, Texas' internal control over compliance.

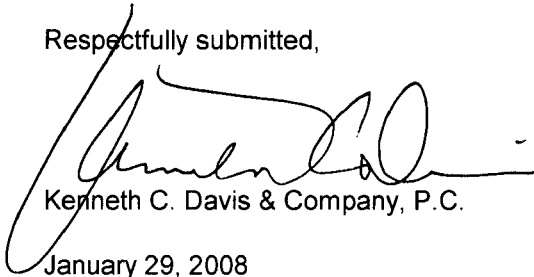
A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we considered to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kenneth C. Davis", is written over a large, stylized, handwritten "K" that serves as a flourish or initial. The signature is written in a cursive, flowing style.

Kenneth C. Davis & Company, P.C.

January 29, 2008

CITY OF HUNTSVILLE, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal and State Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
15.916	Outdoor Recreation (Aquatic Center)

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal and State Award Findings and Questioned Costs

NONE

CITY OF HUNTSVILLE, TEXAS***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2007***

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None Reported.		

CITY OF HUNTSVILLE, TEXAS**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007****EXHIBIT D-1**

Page 1 of 2

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF JUSTICE			
Passed Through Bureau of Justice Assistance:			
Bullet Proof Vest	16.607	N/A	\$ 1,485
Justice Assistance Grant	16.738	2005-DJ-EX-0538	7,834
Total Passed Through Bureau of Justice Assistance			9,319
Passed Through Office of Community Oriented Policing Services:			
Local Law Enforcement Block Grant	16.710	2006CKWX0661	26,035
Total Passed Through Office of Community Oriented Policing Services			26,035
Total U. S. Department of Justice			35,354
U. S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			
Passed Through Texas Department of Housing and Community Affairs:			
Homebuyers/Owner Occupied Assistance Prgm.	14.239	1000756	89,657
Total U. S. Department of Housing & Urban Development			89,657
U. S. DEPARTMENT OF INTERIOR			
Passed Through Texas Department of Parks and Wildlife:			
National Parks Services - Land & Water Conservation Fund			
Outdoor Recreation (Aquatic Center)	15.916	48-01058	475,000
Total U. S. Department of Interior			475,000
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Passed Through Texas Department of Public Safety:			
Emergency Management Assistance Program	83.552	07TX-EMPG-0484	9,630
National Urban Search & Rescue Response System	97.025	N/A	1,568
Total Passed Through Texas Department of Public Safety			11,198
Total Federal Emergency Management Agency			11,198
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 611,209
STATE AWARDS			
Passed Through Texas Commission on Law Enforcement Officer Standards & Education:			
Peace Officer Education	N/A	N/A	\$ 4,023
Passed Through Texas Forest Service:			
Education	N/A	N/A	4,288
Passed Through Texas State Libraries and Archives Commission:			
Loan Star Library	N/A	442-07235	3,957
Passed Through Texas Office of the Governor - Division of Emergency Management:			
Border Security Enhancement Operations	N/A	BSOC-OP-LS-009	17,350
Passed Through Texas Commission on Environmental Quality:			
Through Houston- Galveston Area Council			
Source Reduction & Recycling Equipment	N/A	07-16-G04	175,288
Passed Through Texas Department of Transportation:			
Labor Day Impaired Driving Mobilization	N/A	587XXF6115	3,990
"Click It or Ticket" Mobilization	N/A	N/A	17,350
Total Texas Department of Transportation			21,340
TOTAL EXPENDITURES OF STATE AWARDS			\$ 226,246

CITY OF HUNTSVILLE, TEXAS

*SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007*

EXHIBIT D-1

Page 2 of 2

Federal Grantor/
Pass-Through Grantor/
Program Title

Federal
CFDA
Number

Pass-Through
Entity Identifying
Number

Federal
Expenditures

The accompanying notes are an integral part of this schedule.

CITY OF HUNTSVILLE, TEXAS**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007****Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Huntsville, Texas and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

STATISTICAL SECTION

This part of the City of Huntsville, Texas's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends	109
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	115
<i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	
Debt Capacity	121
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	126
<i>These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	128
<i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TABLE E-1

CITY OF HUNTSVILLE, TEXAS
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental Activities					
Invested in Capital Assets,					
Net of Related Debt	\$ 9,107 \$	8,816 \$	11,379 \$	14,371 \$	14,125
Restricted	2,089	2,825	2,684	1,950	1,367
Unrestricted	5,707	6,284	5,167	7,141	9,144
Total Governmental Activities Net Assets	\$ 16,903 \$	34,828 \$	19,230 \$	23,462 \$	24,636
Business-type Activities					
Invested in Capital Assets,					
Net of Related Debt	\$ 21,944 \$	26,518 \$	30,039 \$	30,650 \$	30,572
Restricted	--	--	--	--	--
Unrestricted	23,588	20,086	21,769	25,383	28,530
Total Business-type Activities Net Assets	\$ 45,532 \$	46,604 \$	51,808 \$	56,033 \$	59,102
Primary Government					
Invested in Capital Assets,					
Net of Related Debt	\$ 31,051 \$	35,334 \$	41,418 \$	45,021 \$	44,697
Restricted	2,089	2,825	2,684	1,950	1,367
Unrestricted	29,295	26,370	26,936	32,524	37,674
Total Primary Government Net Assets	\$ 62,435 \$	64,529 \$	71,038 \$	79,495 \$	83,738

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

TABLE E-2

CITY OF HUNTSVILLE, TEXAS
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST FIVE FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental Activities:					
Charter Offices					
Finance	\$ 342,510	526,118 \$	234,145 \$	225,564 \$	355,117
Public Works	709,130	507,637	467,116	512,507	514,249
Planning and Development	3,378,614	3,419,677	2,817,160	2,947,577	4,390,108
Community services	381,545	530,927	532,233	368,452	927,606
Public Safety	2,204,666	2,351,859	1,980,942	2,097,339	2,840,771
Economic Development	4,191,375	4,299,561	4,592,788	4,652,795	5,261,792
Information Technology Services	147,119	103,614	110,600	39,160	--
Organization and Staff Development	705,643	395,067	149,582	451,404	--
Non-Departmental	119,443	204,211	59,033	93,335	--
Other	116,202	194,913	482,963	1,001,188	--
Interest on Long-Term Debt	364,736	498,007	466,855	367,129	--
Total Governmental Activities Expenses	736,566	679,692	865,744	883,950	823,536
Business-type Activities					
Water	13,397,549	13,711,283	12,759,161	13,640,400	15,113,179
Wastewater	8,535,882	8,515,828	8,495,061	8,600,477	9,418,778
Solid Waste	5,901,759	6,199,501	6,498,942	6,743,995	6,865,550
Golf Course	3,342,894	3,316,718	3,543,587	3,498,996	3,653,569
Oakwood Cemetery - Operating	1,503,952	1,349,473	1,053,620	--	--
Total Business-type Activities Expenses	71,071	78,315	84,286	96,891	104,349
Total Primary Government Expenses	19,355,558	19,459,835	19,675,496	18,940,359	20,042,246
Program Revenues					
Governmental Activities:					
Charter Offices	\$ --	\$ --	\$ --	\$ --	\$ --
Finance	877,670	965,298	732,291	742,856	696,960
Public Works	42,996	52,625	65,263	69,796	551,018
Planning and Development	--	12,054	12,518	12,781	--
Community services	23,239	34,782	37,960	45,677	126,987
Public Safety	419,625	476,810	229,457	265,943	261,730
Economic Development	--	--	--	--	--
Information Technology Services	--	--	--	20,422	--
Organization and Staff Development	--	--	--	--	--
Non-Departmental	224,197	246,108	243,499	288,280	--
Other	--	127,568	139,006	--	--
Capital Grants and Contributions	--	--	--	--	475,000
Operating Grants and Contributions	1,612,944	557,824	1,427,022	1,104,914	618,778
Total Governmental Activities Program Revenues	3,200,671	2,473,069	2,887,016	2,550,669	2,730,473

Business-type Activities:					
Charges for Services:					
Water	9,232,782	9,647,002	10,429,286	10,368,491	10,041,283
Wastewater	7,359,933	7,522,863	7,551,567	7,706,381	8,258,369
Solid Waste	3,620,950	3,623,527	3,590,668	3,749,599	3,845,390
Golf Course	226,928	649,014	556,896	--	--
Oakwood Cemetery - Operating	30,200	12,713	24,732	10,749	23,930
Operating Grants and Contributions	574,109	146,889	1,442,555	518,343	357,206
Total Business-type Activities Program Revenues	21,044,902	21,602,008	23,595,704	22,353,563	22,526,178
Total Primary Government Program Revenues	\$ 24,245,573	\$ 24,075,077	\$ 26,482,720	\$ 24,904,232	\$ 25,256,651
Net (Expense)/Revenue					
Governmental Activities	\$ (10,196,878)	(11,238,214)\$	(9,872,145)\$	(11,089,731)\$	(12,382,706)
Business-type Activities	1,689,344	2,142,173	3,920,208	3,413,204	2,483,932
Total Primary Government Net Expense	\$ (8,507,534)	(9,096,041)\$	(5,951,937)\$	(7,676,527)\$	(9,898,774)

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

TABLE E-3

CITY OF HUNTSVILLE, TEXAS
GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2003	2004	2005	2006	2007
Net (Expense)/Revenue					
Governmental Activities	\$ (10,196,878)	\$ (11,238,214)	\$ (9,872,145)	\$ (11,089,731)	\$ (12,382,706)
Business-type Activities	1,689,344	2,142,173	3,920,208	3,413,204	2,483,932
Total Primary Government Net Expense	\$ (8,507,534)	\$ (9,096,041)	\$ (5,951,937)	\$ (7,676,527)	\$ (9,898,774)
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes					
Property Taxes	\$ 3,457,350	\$ 3,601,495	\$ 3,891,063	\$ 4,047,933	\$ 4,222,399
Franchise Taxes	1,719,210	1,717,886	1,908,146	2,061,344	2,157,839
Sales Taxes	4,708,826	4,920,554	5,127,306	5,511,003	5,902,325
Other Taxes	430,533	444,255	466,001	556,923	581,957
Unrestricted Grants and Contributions	--	--	--	--	--
Payments in Lieu of Taxes	--	--	--	--	--
Investment Earnings	150,186	97,467	251,741	481,777	571,588
Other Revenues	41,461	106,061	187,608	859,883	445,494
Transfers	(703,609)	1,372,195	(654,410)	481,703	490,458
Total Governmental Activities	\$ 9,803,957	\$ 12,259,913	\$ 11,177,455	\$ 14,000,566	\$ 14,372,060
Business-type Activities:					
Investment Earnings	273,920	227,585	564,915	1,294,075	1,074,767
Other Revenues	490,863	74,101	64,315	--	--
Transfers	703,609	(1,372,195)	654,410	(481,703)	(490,458)
Total Business-type Activities	1,468,392	(1,070,509)	1,283,640	812,372	584,309
Total Primary Government	\$ 11,272,349	\$ 11,189,404	\$ 12,461,095	\$ 14,812,938	\$ 14,956,369
Change in Net Assets					
Governmental Activities	\$ (392,921)	\$ 1,021,699	\$ 1,305,310	\$ 2,910,835	\$ 1,989,354
Business-type Activities	3,157,736	1,071,664	5,203,848	4,225,576	3,068,241
Total Primary Government	\$ 2,764,815	\$ 2,093,363	\$ 6,509,158	\$ 7,136,411	\$ 5,057,595

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

TABLE E-4

CITY OF HUNTSVILLE, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 1,621,432 \$	765,714 \$	673,451 \$	502,148 \$	47,377 \$	98,141 \$	110,273 \$	114,235 \$	88,110 \$	103,991
Unreserved	3,306,485	3,872,519	4,013,080	3,697,691	3,950,520	4,267,861	3,548,607	2,848,143	4,172,594	6,169,366
Total General Fund	\$ 4,927,917 \$	4,638,233 \$	4,686,531 \$	4,199,839 \$	3,997,897 \$	4,366,002 \$	3,658,880 \$	2,962,378 \$	4,260,704 \$	6,273,357
All Other Governmental Funds										
Reserved	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 49,537
Unreserved, Reported In:										
Special Revenue Funds	236,385	246,881	751,824	1,688,975	1,369,726	1,175,373	1,434,916	1,909,801	2,339,591	2,262,452
Capital Projects Funds	1,406,428	8,937,100	6,387,373	5,417,796	2,740,551	1,531,268	3,092,004	1,995,204	1,612,793	1,065,296
Debt Service Funds	438,113	475,326	474,893	474,349	492,562	503,054	526,226	476,455	152,525	94,498
Permanent Funds						441,142	442,913	440,727	440,344	454,218
Total All Other Governmental Funds	\$ 2,080,926 \$	9,659,307 \$	7,614,090 \$	7,581,120 \$	4,602,839 \$	3,650,837 \$	5,496,059 \$	4,822,187 \$	4,545,253 \$	3,926,001

TABLE E-5

CITY OF HUNTSVILLE, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Taxes	\$ 7,899,340	\$ 8,224,244	\$ 8,905,558	\$ 9,837,428	\$ 9,908,749	\$ 10,284,507	\$ 10,627,961	\$ 11,349,448	\$ 12,110,807	\$ 12,776,640
Licenses, Fees and Permits	145,206	232,344	212,214	238,440	212,361	184,436	226,406	242,684	284,860	444,643
Fines, Fees and Foreitures	531,585	463,089	408,163	537,266	768,734	884,086	834,062	779,967	827,609	889,400
Charges for Services	466,962	380,091	470,208	496,335	575,794	468,196	650,709	676,585	568,879	636,241
Contributions, Grants and Donations	239,145	533,916	241,309	1,349,056	1,412,826	1,612,837	557,824	1,124,133	843,689	832,626
Administrative Cost Reimbursement	1,244,442	1,355,361	1,547,575	1,496,499	2,791,636	2,720,752	2,993,567	3,696,776	4,215,525	4,663,361
Investment Earnings	373,072	635,922	765,433	857,318	300,644	150,186	97,467	251,741	481,777	571,586
Other Revenues	919,778	9,348	13,945	24,112	121,651	63,143	132,412	252,426	919,297	445,751
Total Revenues	11,819,530	11,834,315	12,564,405	14,836,454	16,092,395	16,368,143	16,120,408	18,373,760	20,252,443	21,250,248
Expenditures										
Charter Offices	493,796	559,595	639,702	658,080	691,030	650,215	728,146	808,611	777,808	909,677
Finance	399,316	423,686	438,966	566,769	1,013,384	1,060,367	917,304	1,073,657	1,178,178	1,080,643
Public Works	3,539,628	3,328,017	3,611,576	3,458,098	4,020,828	4,605,281	4,195,014	3,878,094	4,434,253	4,385,291
Administrative Services	--	--	--	--	--	--	--	--	--	2,529,657
Community Services	1,338,610	1,452,926	1,575,738	2,239,573	2,127,973	2,279,377	1,910,635	2,049,479	2,104,560	2,576,927
Public Safety	3,108,287	3,015,292	3,153,255	3,569,062	4,128,532	4,193,602	4,086,565	4,758,577	4,673,004	5,291,327
Information Technology Services	--	--	--	--	--	1,229,269	1,087,422	774,743	776,754	--
Non-Departmental	352,436	666,290	485,554	1,050,909	2,261,009	837,978	1,008,322	1,390,944	1,611,146	--
Capital Outlay	148,992	1,608,481	3,502,589	7,750,051	3,699,620	23,995	1,058,033	2,212,789	2,682,132	1,446,655
Debt Service										
Interest	272,244	469,734	597,586	732,014	789,741	755,086	787,652	861,679	886,283	829,343
Principal	416,948	354,738	404,738	409,737	409,738	565,000	605,000	4,296,631	1,079,681	944,848
Total Expenditures	10,070,257	11,878,759	14,409,704	20,434,293	19,141,855	16,200,170	16,384,093	22,105,204	20,203,799	19,994,368
Excess of Revenues Over (Under) Expenditures	1,749,273	(44,444)	(1,845,299)	(5,597,839)	(3,049,460)	167,973	(263,685)	(3,731,444)	48,644	1,255,880
Other Financing Sources (Uses)										
Issuance Bonds/Notes	118,950	7,425,000	--	5,000,000	--	--	1,253,076	3,820,000	1,145,000	--
Issuance of Certificates of Obligation	--	--	--	--	--	--	1,200,000	--	--	--
Payment of Refunded Bond Esc Agent	--	--	--	--	--	--	(1,183,208)	--	--	--
Cost of Issuance	--	(91,858)	--	--	--	--	--	--	--	--
Capital Lease Proceeds	--	--	--	--	--	--	--	--	--	--
Transfers In	523,894	2,075,270	1,000,352	1,744,616	716,161	1,175,617	2,663,545	701,991	2,350,717	951,915
Transfers Out	(523,894)	(2,075,271)	(1,151,971)	(1,666,439)	(1,015,817)	(2,014,346)	(2,531,631)	(2,160,921)	(2,522,969)	(814,391)
Total Other Financing Sources (Uses)	118,950	7,333,141	(151,619)	5,078,177	(299,656)	(838,729)	1,401,782	2,361,070	972,748	137,524
Net Change in Fund Balances	\$ 1,868,223	\$ 7,288,697	\$ (1,996,918)	\$ (519,662)	\$ (3,349,116)	\$ (670,756)	\$ 1,138,097	\$ (1,370,374)	\$ 1,021,392	\$ 1,393,404
Debt Service As A Percentage Of Noncapital Expenditures	6.9%	8.0%	9.2%	9.0%	7.8%	8.2%	9.1%	25.9%	11.2%	9.6%

CITY OF HUNTSVILLE, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

TABLE E-6

Fiscal Year	Property Tax	Sales & Use Tax	Franchise and Other Taxes	Total
1998	\$ 2,115,430	\$ 4,080,127	\$ 1,703,783	\$ 7,899,340
1999	2,461,454	4,148,865	1,613,925	8,224,244
2000	2,665,417	4,449,976	1,790,165	8,905,558
2001	2,931,548	4,585,249	2,320,631 3)	9,837,428
2002	3,196,855	4,630,276	2,081,618	9,908,749
2003	3,425,938	4,708,826	2,149,743	10,284,507
2004	3,545,266	4,920,554	2,162,141	10,627,961
2005	3,847,994	5,127,306	2,374,148	11,349,448
2006	3,916,022	5,511,003	2,061,344	11,488,369
2007	4,134,519	5,902,325	2,739,796	12,776,640

Source: City of Huntsville Budget Documents and Comprehensive Annual Financial Report

- 1) Includes current taxes, delinquent taxes, penalties and interest.
- 2) Includes franchise and gross receipt taxes, mixed drink taxes and hotel-motel occupancy taxes.
- 3) Includes Use of Right-of-Way.

CITY OF HUNTSVILLE, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Residential Property	Commercial Property	Agricultural Property	Industrial Property	Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value
2001	\$ 405,490,601	\$ 242,680,480	\$ 10,871,180	\$ 17,800,490	\$ 27,017,020	\$ 31,650,337	\$ 672,209,434
2002	450,819,860	273,682,710	10,187,080	20,871,710	30,868,800	40,163,661	746,266,499
2003	467,036,552	262,242,030	12,076,640	22,238,680	30,545,570	38,158,512	755,980,960
2004	525,955,569	274,367,340	13,453,940	23,791,720	32,645,762	50,283,554	819,930,777
2005	549,917,299	323,799,290	13,769,880	11,605,650	34,859,152	54,257,548	879,693,723
2006	591,101,352	326,560,700	14,961,910	12,552,400	37,624,120	66,240,485	916,559,997
2007	646,884,721	309,698,960	16,063,020	47,323,330	44,745,620	77,066,511	987,649,140

Note: Fiscal Years ending 1998 - 2000 are not available from Walker County Appraisal District due to a computer conversion.

Source: Walker County Appraisal District

CITY OF HUNTSVILLE, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

TABLE E-8

Fiscal Year	City Direct Rates			Overlapping Rates			
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Huntsville ISD	Walker County	Hospital District	
1998	\$ 0.28312	\$ 0.10128	\$ 0.38440	\$ 1.44000	\$ 0.59500	\$ 0.15500	
1999	0.32718	0.10282	0.43000	1.44000	0.59500	0.15000	
2000	0.27609	0.13641	0.41250	1.69000	0.58500	0.13550	
2001	0.30763	0.12487	0.43250	1.69000	0.58500	0.14450	
2002	0.27785	0.15465	0.43250	1.66000	0.58500	0.15000	
2003	0.28397	0.16603	0.45000	1.66000	0.62500	0.16000	
2004	0.23223	0.19277	0.42500	1.66000	0.62500	0.18500	
2005	0.24473	0.19277	0.43750	1.66000	0.62500	0.19220	
2006	0.23913	0.19277	0.43190	1.66000	0.59970	0.18250	
2007	0.23810	0.18110	0.41920	1.53000	0.56670	0.17200	

Source: County Board of Equalization and Assessment

CITY OF HUNTSVILLE, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND TEN YEARS AGO

TABLE E-9

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Weatherford Completion Ser	\$ 16,256,275	1	1.52%	N/A	N/A	N/A
Wal-Mart Stores, Inc.	16,052,050	2	1.50%	14,604,430	1	2.60%
Huntsville Place	13,430,650	3	1.25%	N/A	N/A	N/A
SCI Gateway at Huntsville	12,638,450	4	1.18%	N/A	N/A	N/A
Entergy Gulf States	10,409,180	5	0.97%	11,483,530	3	2.04%
Arbors of Huntsville	10,032,160	6	0.94%	N/A	N/A	N/A
Southwestern Bell Telephone	9,896,300	7	0.92%	14,565,790	2	2.59%
Samuel C. Dominey	9,657,370	8	0.90%	4,567,570	6	0.81%
University House Phase II	8,357,600	9	0.78%	N/A	N/A	N/A
West Hill Mall	6,503,080	10	0.61%	5,063,890	5	0.90%
EVI Arrow, Inc.	N/A	N/A	N/A	7,901,700	4	1.41%
Gibbs Brothers & Co.	N/A	N/A	N/A	4,450,640	7	0.79%
Ridgewood West Apartments	N/A	N/A	N/A	4,200,000	8	0.75%
The Timbers Apartments	N/A	N/A	N/A	3,466,200	9	0.62%
First National Bank	N/A	N/A	N/A	3,456,650	10	0.62%
Total	\$ 113,233,115		10.57%	\$ 73,760,400		13.13%

Source: City of Huntsville Budget Documents

CITY OF HUNTSVILLE, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$ 2,060,949	\$ 2,023,680	98.2%	\$ 35,714	\$ 2,059,394	99.9%
1999	2,431,739	2,373,496	97.6%	55,575	2,429,071	99.9%
2000	2,626,477	2,577,036	98.1%	44,688	2,621,724	99.8%
2001	2,907,066	2,842,522	97.8%	54,369	2,896,891	99.6%
2002	3,162,188	3,102,772	98.1%	48,676	3,151,448	99.7%
2003	3,407,218	3,330,628	97.8%	62,838	3,393,466	99.6%
2004	3,536,589	3,423,539	96.8%	90,707	3,514,246	99.4%
2005	3,842,132	3,717,347	96.8%	17,817	3,735,164	97.2%
2006	3,987,376	3,835,272	96.2%	N/A	3,835,272	96.2%
2007	4,161,024	4,003,075	96.2%	24,844	4,027,919	96.8%

Sources: Walker County Appraisal District

CITY OF HUNTSVILLE, TEXAS
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS

TABLE E-11

Fiscal Year	City Direct Rate	Walker County	State Rate
1998	1.50%	0.50%	6.25%
1999	1.50%	0.50%	6.25%
2000	1.50%	0.50%	6.25%
2001	1.50%	0.50%	6.25%
2002	1.50%	0.50%	6.25%
2003	1.50%	0.50%	6.25%
2004	1.50%	0.50%	6.25%
2005	1.50%	0.50%	6.25%
2006	1.50%	0.50%	6.25%
2007	1.50%	0.50%	6.25%

Sources: City of Huntsville Budget Documents

TABLE E-12

CITY OF HUNTSVILLE, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

General Bonded Debt								
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Capital Leases					
1998	\$ 3,350,000	\$ 453,950	\$ --					
1999	3,075,000	7,799,212	--					
2000	2,750,000	7,719,474	--					
2001	2,425,000	12,634,738	--					
2002	2,100,000	12,550,000	--					
2003	1,700,000	12,385,000	981,692					
2004	1,403,076	13,380,000	772,719					
2005	5,011,445	14,140,000	1,094,888					
2006	4,611,764	13,760,000	1,038,929					
2007	4,171,916	13,380,000	772,489					
Business-type Activities								
Fiscal Year	Water Revenue Bonds	Certificates of Obligation	Anticipated Notes Payable	Total Primary Government	Percentage of personal Income	Per Capita		
1998	\$ 36,255,000	\$ 1,200,536	\$ 677,160	\$ 41,936,646	4.52	\$ 1,303		
1999	43,155,000	1,124,735	523,260	55,677,207	5.81	1,732		
2000	40,665,000	963,283	357,818	52,455,575	5.01	1,496		
2001	37,835,000	793,695	184,680	53,873,113	5.10	1,528		
2002	35,130,000	5,666,534	--	55,446,534	5.11	1,589		
2003	38,715,000	5,555,000	--	59,336,692	5.34	1,652		
2004	35,981,925	5,010,000	--	56,547,720	4.88	1,552		
2005	32,883,555	--	--	53,129,888	N/A	1,448		
2006	29,953,236	--	--	49,363,929	N/A	1,345		
2007	27,788,084	--	--	46,112,489	N/A	1,246		

Note: Personal income not available for 2005-2007.

CITY OF HUNTSVILLE, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

TABLE E-13

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property			Per Capita
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Total Debt	Assessed Value	Population		
1998	\$ 3,350,000	\$ 453,950	\$ --	\$ 3,803,950	\$ 537,100,530	0.71%	32,178	\$ 118.22
1999	3,075,000	7,799,212	--	10,874,212	561,573,333	1.94%	32,148	338.25
2000	2,750,000	7,719,474	--	10,469,474	638,054,799	1.64%	35,074	298.50
2001	2,425,000	12,634,738	--	15,059,738	672,209,434	2.24%	35,262	427.08
2002	2,100,000	12,550,000	--	14,650,000	746,266,499	1.96%	34,890	419.89
2003	1,700,000	12,385,000	981,692	15,066,692	755,980,960	1.99%	35,926	419.38
2004	1,403,076	13,380,000	772,719	15,555,795	819,930,777	1.90%	36,442	426.86
2005	5,011,445	14,140,000	1,094,888	20,246,333	879,693,723	2.30%	36,699	551.69
2006	4,611,764	13,760,000	1,038,929	19,410,693	916,559,997	2.12%	37,237	528.92
2007	4,171,916	13,380,000	772,489	18,324,405	987,649,140	1.86%	37,059	494.47

CITY OF HUNTSVILLE, TEXAS
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT

TABLE E-14

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid With Property Taxes			
Walker County	\$ 2,560,513	57.00%	\$ 2,347,017
Huntsville Independent School District	45,450,800	77.15%	42,812,453
Subtotal, Overlapping Debt			<u>45,159,470</u>
City governmental activities direct debt			18,324,405
Total Direct and Overlapping Debt			<u>\$ 63,483,875</u>

- a) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another government unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.
- b) Overlapping governments are those that coincide, at least, in part with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of City of Huntsville. This process recognizes that, when considering City of Huntsville's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

CITY OF HUNTSVILLE, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	\$ 53,710,053	\$ 56,157,333	\$ 63,805,479	\$ 67,220,943	\$ 74,626,699	\$ 75,598,096	\$ 81,992,078	\$ 87,693,223	\$ 91,655,999	98,764,914
Total Net Debt Applicable to Limit	4,101,948	3,803,950	10,874,212	10,649,474	15,059,738	14,650,000	15,066,992	15,555,795	19,256,095	18,229,907
Legal Debt Margin	49,608,105	42,835,841	45,507,859	48,745,741	52,570,943	59,559,707	60,042,301	62,735,983	69,463,316	73,426,092
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	7.64%	7.08%	19.36%	16.69%	22.40%	19.63%	19.93%	18.97%	21.96%	19.89%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 987,649,140
Debt Limit (10% of Assessed Value)	98,764,914
Debt Applicable to Limit:	
General Obligation Debt	18,324,405
Less: Amount Set Aside for Repayment of	
General Obligation Debt	(94,498)
Total Net Debt Applicable to Limit	<u>18,229,907</u>
Legal Debt Margin	<u>\$ 80,535,007</u>
	19.89%

Source: City of Huntsville Comprehensive Annual Financial Statements

CITY OF HUNTSVILLE, TEXAS
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Wastewater Revenue Bonds						Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
1998	\$ 11,129,643	\$ 7,947,072	\$ 3,182,571	\$ 835,000	\$ 634,796	2.17	
1999	11,689,292	8,196,038	3,493,254	870,000	598,186	2.38	
2000	12,014,877	8,795,636	3,219,241	920,000	552,236	2.19	
2001	14,279,177	10,745,681	3,533,496	970,000	520,018	2.37	
2002	15,077,613	11,233,851	3,843,762	570,000	490,938	3.62	
2003	17,332,664	11,282,537	6,050,127	675,000	716,918	4.35	
2004	17,407,743	13,031,755	4,375,988	880,000	774,078	2.65	
2005	18,530,513	13,641,064	4,889,449	915,000	739,748	2.95	
2006	19,807,892	14,168,876	5,639,016	950,000	703,410	3.41	
2007	19,629,946	15,228,807	4,401,139	990,000	665,015	2.66	

a) Revenues pledged for Wastewater Bonds include Wastewater operations and Water operations. Therefore, Revenues and Expenditures for both the Water Fund and Wastewater Fund are included above. Operating expenses do not include depreciation, bad debt expense (non cash), or interest expense on the applicable debt for which revenues are pledged. Principal on contract debt is included in operating expenses.

b) Details regarding City of Huntsville's outstanding debt can be found in Note F of the current financial statements of the City.

TABLE E-17

CITY OF HUNTSVILLE, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Population										
Huntsville	32,178	32,148	35,074	35,262	34,890	35,926	36,442	36,699	36,999	37,059
Walker County	60,350	61,476	61,758	61,916	61,309	62,336	62,761	62,735	64,026	64,245
a) Personal Income (thous)	\$ 928,558	\$ 958,709	\$ 1,047,710	\$ 1,056,829	\$ 1,084,658	\$ 1,111,911	\$ 1,159,211	\$ 1,217,153	\$ not available	\$ not available
a) Per Capita Personal Income	\$ 15,386	\$ 15,595	\$ 16,982	\$ 17,069	\$ 17,692	\$ 17,837	\$ 18,470	\$ 19,223	\$ not available	\$ not available
Median Age	--	--	--	--	--	--	--	--	--	--
Education Level in										
Years of Schooling	--	--	--	--	--	--	--	--	--	--
School Enrollment	--	--	--	--	--	--	--	--	--	--
Unemployment	not available	not available	4.8	5.2	5.7	6.3	5.7	5.2	5.5	4.8

Sources: 1997-2005 population information provided by the US Census Bureau. 2006-2007 population information provided by the Texas Office of the State Demographer. Personal income information provided by the US Bureau of Economic Analysis. Unemployment rate information provided by the Texas Workforce Commission.

Note: a) For Walker County

CITY OF HUNTSVILLE, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

TABLE E-18

Employer	2007			1998		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Texas Dept of Criminal Justice	6,096	1	43.05%	Not Available	Not Available	Not Available
Sam Houston State University	2,885	2	20.37%	Not Available	Not Available	Not Available
Huntsville Independent School Dist	965	3	6.81%	Not Available	Not Available	Not Available
Huntsville Memorial Hospital	511	4	3.61%	Not Available	Not Available	Not Available
Walmart	485	5	3.43%	Not Available	Not Available	Not Available
Region VI Education Service Cntr	389	6	2.75%	Not Available	Not Available	Not Available
Walker County	365	7	2.58%	Not Available	Not Available	Not Available
City of Huntsville	327	8	2.31%	Not Available	Not Available	Not Available
Gulf Coast Trades Center	200	9	1.41%	Not Available	Not Available	Not Available
Weatherford Completion Services	160	10	1.13%	Not Available	Not Available	Not Available

Source: City employment information provided by Texas Workforce Commission. Principal employers information provided by Walker County Chamber of Commerce.

CITY OF HUNTSVILLE, TEXAS
FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Full-Time-Equivalent Employees as of Year End									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Charter Offices										
Office of City Manager	2.00	3.12	1.00	1.00	2.00	2.50	2.50	3.50	3.00	3.00
Office of City Secretary	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
Office of City Attorney	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Office of City Judge	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Charter Offices Support	--	--	2.00	2.00	--	--	--	--	--	--
Economic Development	--	--	--	--	2.00	2.00	2.00	--	--	--
Finance										
Finance	6.00	6.00	6.00	6.63	7.00	6.00	5.50	6.50	8.00	8.00
Municipal Court	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.50	5.50
Court Security	--	--	--	--	--	--	--	--	1.00	1.00
Utility Billing	4.00	4.00	4.63	5.00	5.00	5.00	5.00	5.50	6.00	6.00
Administrative Services										
Human Resources	1.00	1.00	1.00	1.00	2.00	2.00	2.00	3.00	4.00	4.00
Risk/Safety Management	--	--	--	--	1.00	1.00	1.00	1.00	1.00	1.00
Purchasing	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00
Fleet/Warehouse	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Garage Services	8.00	8.00	8.00	8.00	8.00	6.00	7.00	7.00	6.00	6.00
Building Services	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Information Technology	3.00	3.00	4.00	4.00	5.00	6.00	6.00	5.00	5.00	5.00
Public Utilities										
Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Water Production	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Water Distribution	9.00	9.00	9.00	9.00	12.00	9.00	9.00	10.00	10.00	10.00
Meter Reading	2.66	2.66	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00
Construction Crew	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00
Wastewater Collection	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	10.00	10.00
AJ Brown WWTP	6.00	6.00	6.00	6.00	6.00	6.00	5.50	5.50	5.00	5.00
NB Davidson WWTP	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	4.00	4.00
Robinson Creek WWTP	--	--	--	--	3.00	3.00	3.00	3.00	4.00	4.00
Environmental Services	2.50	2.50	2.50	2.50	3.00	3.00	3.00	4.00	3.00	3.00
Commercial Collection	8.00	8.00	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Solid Waste Disposal	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Residential Collection	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Recycling	--	--	--	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Public Works											
Administration	5.00	5.00	5.00	7.00	6.00	6.00	6.00	6.50	6.50	6.50	6.50
Planning and Development	12.00	12.00	14.00	15.00	14.00	15.00	14.00	14.00	14.00	12.00	12.00
Central Inspection	6.00	6.00	6.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Health Inspection	--	--	--	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00
Streets	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Drainage Maintenance	--	--	--	--	--	--	--	4.00	4.00	4.00	4.00
Street Sweeping	1.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Community Services											
Administration	2.50	3.50	2.50	1.00	1.00	1.00	1.00	2.00	2.00	2.00	4.50
Recreation	--	--	--	1.00	4.00	4.00	4.00	4.00	4.50	--	--
Parks Maintenance	11.66	11.66	12.66	13.66	8.66	8.66	8.66	8.66	8.66	13.66	13.66
Urban Forestry	--	--	--	--	--	--	1.00	1.00	1.00	--	--
Cemetery Operations	--	--	--	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Library	8.00	8.00	8.00	9.00	8.00	9.00	9.00	9.00	9.00	9.00	9.00
Cultural Services	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Main Street	--	--	--	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Golf Course Operations	--	--	--	1.00	10.50	9.50	9.50	--	--	--	--
Golf Course Pro Shop Operations	--	--	--	1.00	10.00	5.50	10.00	--	--	--	--
Public Safety											
Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Police	42.00	42.00	42.00	47.00	47.00	47.00	47.00	47.00	47.00	48.00	48.00
Fire	4.00	4.00	5.00	6.00	5.00	5.00	5.00	7.00	7.00	8.00	8.00
School Resource Officers	--	--	--	--	--	--	--	5.00	5.00	6.00	6.00
Dispatch Services	7.00	7.00	6.00	--	--	--	--	--	--	--	--
Total	235.82	237.94	241.79	264.16	271.16	277.16	284.16	272.16	278.16	278.16	278.16

Source: City of Huntsville Budget Documents

CITY OF HUNTSVILLE, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	
Finance										
Invoices Processed	not available	17,558	18,239	17,619	not available	not available	9,423	9,847	8,622	
Payroll Checks Issued	4,412	4,375	5,820	4,376	5,231	4,377	3,909	3,526	3,430	
Court Cases Filed and Processed	not available	not available	not available	not available	10,788	9,168	8,698	7,833	7,393	
Warrants Issued	1,224	1,706	not available	not available	not available	not available	3,590	2,870	2,816	
Utility Bills Generated	not available	not available	not available	not available	not available	not available	not available	98,273	100,948	
Utility Payment Received	76,788	not available	not available	not available	not available	not available	not available	82,025	81,499	
Meter Reading Service Orders Generated	6,054	6,503	6,050	6,323	5,277	5,382	not available	13,718	14,993	
Administrative Services										
Workers Compensation Claims Filed	27	54	52	50	48	42	40	21	24	
On Site Property Inspections Conducted	not available	not available	not available	not available	not available	not available	9	8	91	
Purchase Orders Issued	207	not available	not available	not available	not available	not available	not available	214	237	
Formal Bids Issued	29	15	not available	not available	not available	not available	13	18	21	
Computer Help Desk Request Completed	not available	not available	not available	not available	not available	not available	2,457	3,081	3,191	
Garage Work Orders Processed	not available	not available	not available	not available	not available	not available	3,949	3,419	1,333	
Public Utilities										
Gallons Water Produced (in billions)	2.51	2.65	2.70	2.80	not available	not available	2.12	2.82	2.58	
Water Main Leaks Repaired	not available	57	90	not available	not available	not available	30	80	87	
New Water Connections Installed	not available	198	123	not available	not available	not available	91	150	106	
New Sewer Taps Installed	not available	127	97	not available	not available	not available	72	80	150	
Gallons Wastewater Treated (in billions)	not available	1.42	1.19	1.19	not available	not available	1.35	1.53	1.57	
Manholes Inspected and Serviced	not available	not available	not available	not available	not available	not available	not available	318	756	
Commercial Waste Collected (in tons)	not available	15,478	not available	not available	not available	not available	16,871	17,100	19,501	
Residential Waste Collected (in tons)	not available	6,313	not available	not available	not available	not available	7,372	7,098	7,177	
Waste Transferred to Landfill (in tons)	not available	34,139	35,443	35,226	not available	not available	34,334	34,064	36,636	
Waste Recycled (in tons)	not available	1,632	2,046	1,974	not available	not available	2,223	2,486	2,704	
Public Works										
Code Enforcement Complaints Investigated	not available	211	315	not available	260	273	485	594	377	
Food Establishment Inspections Performed	687	692	not available	not available	not available	not available	257	422	461	
Lane Miles of Existing Streets Seal Coated	4.92	26.00	4.50	23.03	not available	not available	8.08	--	13.77	
Tons Debris Removed from Drainage Ways	not available	not available	not available	not available	not available	not available	5,074	6,020	3,547	
Curb Miles Swept by Street Sweeper	not available	not available	not available	4,354	not available	3,617	3,786	3,216	3,037	

Community Services												
In-House Recreation Programs Offered	not available	not available	not available	not available	not available	not available	not available	not available	not available	not available	not available	30
Contract Recreation Programs Offered	not available	not available	not available	not available	not available	not available	not available	not available	not available	not available	not available	4
Playground Safety Inspections Performed	19	19	12	12	12	12	12	12	12	12	not available	141
Library Items Circulated	74,708	82,092	84,066	not available	not available	not available	not available	not available	not available	not available	96,974	103,303
Library Visitors	108,316	110,138	not available	not available	not available	113,089	145,543	173,245	156,067	156,067	144,439	144,439
Wynne Home Visitors	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	650	650	4,370	4,370
Art and Cultural Events Held	not available	not available	not available	not available	not available	not available	not available	150	270	270	165	165
Business in Main Street Downtown District	N/A	N/A	not available	not available	not available	not available	not available	67	70	70	86	86
Main Street Events Held	N/A	N/A	not available	not available	not available	not available	not available	5	7	7	6	6
Public Safety												
Police Calls for Service	24,570	30,565	34,784	28,890	44,021	45,170	44,666	38,078	36,921	38,078	1,621	36,921
Arrest Made	not available	not available	not available	not available	not available	not available	1,446	1,339	1,621	1,339	6,323	1,621
Citations Issued	not available	not available	12,422	not available	10,327	9,133	7,168	6,793	6,323	6,793	3,323	6,323
Offenses/Incidents Reported	not available	not available	not available	not available	not available	not available	3,479	3,344	3,323	3,344	1,324	3,323
Fire Calls for Service	1,142	1,252	not available	not available	787	794	1,275	1,522	1,324	1,522	304	1,324
Main Alarms Answered	not available	not available	not available	not available	not available	not available	249	330	304	330	310	304
Fire Inspections Conducted	269	256	251	320	238	210	210	248	310	248	310	310

Source: City of Huntsville Budget Documents

CITY OF HUNTSVILLE, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Utilities:										
Water Line (approximate miles)	not available	not available	not available	not available	not available	not available	not available	not available	200	200
Sewer Line (approximate miles)	not available	not available	not available	not available	not available	not available	not available	not available	190	205
Liftstations	not available	not available	not available	not available	not available	not available	not available	not available	26	28
Water Plants	3	3	3	3	3	3	3	3	3	3
Wastewater Treatment Plants	2	2	2	2	3	3	3	3	3	3
Solid Waste Recycling Facilities	0	0	0	0	0	1	1	1	1	1
Public Works										
Street (centerline miles)	not available	not available	not available	not available	not available	not available	not available	not available	139	139
Community Services										
Parks	21	21	21	22	25	25	25	25	26	26
Park Acreage	132.17	180.17	180.17	229.30	406.72	406.72	406.72	406.72	281.94	281.94
City Pool (1997-2004)/Aquatic Centers	1	1	1	1	1	1	1	1	--	--
Community Centers (MLK Building)	1	1	1	1	1	1	1	1	1	1
Arts Center	0	0	0	0	0	0	0	0	1	1
Libraries	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	3	3	3	3	3	3	3	3	3	3

Sources: Various city departments

Note: Capital Asset Statistics for Charter Offices, Finance and Administrative Services are not available.